

FINANCIAL TIMES

SWEDEN

High inflation and low growth

Page 2

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World News

Marcos dies in Hawaii after three years in exile

Ferdinand Marcos, who was brought down by popular revolts and fled the Philippines in 1986 after more than two decades as the increasingly despotic and corrupt president, died in hospital in exile in Honolulu, Hawaii. He was 72. Page 18

Party boss toppled

THE last major survivor of Soviet rule under Mr Leonid Brezhnev, 71-year-old Mr Vladimir Shcherbitsky, was toppled from his post as Ukraine Communist Party boss. Page 2

E German refugees

Nearly 2,000 East German asylum-seekers inside the grounds of the West German Embassy in Prague rejected East Berlin's offer to allow them to emigrate to West Germany. Page 2

Greek election

The Athens caretaker Government will lead Greece to elections on November 5, the second poll this year, the ruling coalition announced. Page 2

Extradition threat

Britain would not stand in the way if Colombia sought the extradition of British mercenaries alleged to have trained Colombian drug gangs, said Mr John Major, UK Foreign Secretary. Page 3

US school goal

President George Bush agreed with state governors to set national goals for the US education system after a two-day summit. Page 3

Nato low flying

After nearly a year of negotiations with Nato partners, the West German Government reached agreement on significantly reducing noisy low-flying by military jets. Page 2

S Africa action

Commonwealth Heads of Government meeting in Malaysia next month should continue to seek united action to end apartheid in South Africa, said Sir Shridath Ramphal, General-Secretary-General. Page 4

Brazilian polls

Two Brazilian opinion polls showed that support for Fernando Collor de Mello, front-runner for months in Brazil's presidential election race, was tumbling. Page 3

Japanese tax bid

Japanese opposition parties submitted a package of four Bills calling for a 3 per cent consumption tax. Page 4

Business Summary

PepsiCo signs barter deal to build Soviet plants

PEPSICO, US soft drinks group, is entering an unusual barter deal with the Soviet Union under which it is helping to finance the building of 28 Soviet Pepsi plants and acting as an agent in the sale of new Soviet ships. Page 18

JAPANESE EQUITIES

were pushed to new highs by an official guide to interest rate prospects and a wave of buying from investment funds. The Nikkei average advanced 319.41 to a record 33,689.98. Page 46

KYOCERA, Japanese industrial ceramics and electronics group, is acquiring AVX, US-based maker of electronic components. Page 19

MERCK, world's largest pharmaceuticals company, and DuPont, chemicals group, agreed to work together on new medical drugs. Page 19

HANSON group, UK multinational, has made redundant the entire head office staff of Consolidated Gold Fields, diversified UK mining group, which it controls. Page 19

NATIONWIDE Anglia, second largest UK building society (plus more than 150 of its 883 branches. Page 6

FIAT, Italian car manufacturer, reported first-half profits with a 27.5 per cent rise in pre-tax earnings. Page 19

CI&A-GEIGY, Switzerland's biggest chemicals company, has invited environmental groups to help run chemical waste plant. Page 2

BRANIFF, US airline, has sought protection of the bankruptcy courts for the second time in seven years. Page 20

BAYER, West German chemicals and pharmaceuticals company, is calling in outside experts to judge safety of its genetic engineering. Page 2

AUSTRALIA'S big four commercial banks agreed to hold mortgage rates at 17 per cent. Page 4

SCANDINAVIAN Airlines System (SAS) and Swissair have agreed to form a joint partnership in preparation for deregulated European airline industry. Page 21

ES GOVERNMENT demanded compensation from 14 Japanese construction companies accused of rigging bids and overcharging for work on US military facilities. Page 6

SHELL, Esso and Enterprise Oil, three oil companies operating in the North Sea, ended a year-long battle over the Nelson oilfield. Page 10

INTEL of California, world's leading manufacturer of advanced computer chips, expected to announce development in Eire. Page 6

CHUEHE Holding, Austria's largest chemicals company, plans to sell its pharmaceuticals division for a reported price of about \$20m. Page 23

AUSTRALIA'S pilots rejected official mediation of their six-week-old pay dispute with the domestic airlines, dashing hopes of a quick return to normal services. Page 4

Soviet Union suggests summit to wrap up arms talks

By Judy Dempsey in Vienna

THE Soviet Union yesterday added its voice to optimistic US predictions about conventional disarmament in Europe by proposing a summit in the second half of 1990 to sign an agreement wrapping up the Vienna arms talks. Mr Oleg Grinivsky, chief Soviet negotiator at the talks, also disclosed a fresh concession in the Warsaw Pact's negotiating position which would broaden the categories of aircraft over which it is prepared to negotiate. In May, President George Bush's called for agreement in Vienna within six months to a year had prompted officials from several Allied countries to caution about the ambition of such a timetable. Since then, however, the two sides' negotiating positions have moved steadily closer and Mr Grinivsky suggested yesterday a foreign ministers' conference in the first half of next year could resolve outstanding problems. Agreement could then be sealed at "an all-European conference," said Mr Grinivsky. He did not specify that the US and Canada would attend the European conference, but there would seem little prospect of Western agreement to a meeting with the North American allies. The new Warsaw Pact position on air defences marks a shift from the previous position which focused on a proposed ceiling of 1,500 "strategic" aircraft for both alliances. The Pact is now prepared to include what it calls all "tactical" aircraft and has proposed a maximum number for each side of 4,700 - bringing its position closer to that of Nato, which envisages ceilings of 5,700 for all combat aircraft. The East bloc, however, will continue to demand the exclusion from any agreement of "air defence" aircraft, of which it says it has about 1,900. Nato has long rejected the Pact's insistence on drawing a distinction between defensive and offensive aircraft. The Warsaw Pact also raised its proposed ceiling on combat helicopters - from 1,700 to match precisely Nato's ceiling of 1,900. The proposals were immediately welcomed by several Nato delegations as a "very important step" towards reaching an accord. Nato diplomats acknowledged the Soviet Union had made a considerable compromise but continued to express concern about the future capability of the Pact's air defence aircraft. But Mr Grinivsky insisted the aircraft in this category "have no ground attack capability and are not part of the surprise attack potential." The Vienna talks aim to lower the possibility of a surprise attack. The Soviet negotiator said the aircraft would only cover vital installations located deep inside Soviet territory.



Oleg Grinivsky proposed all-European conference

Pound, shares fall as prospect grows of base rate rise

By Simon Holberton and Philip Stephens in London

UK SHARE prices fell sharply yesterday as the pound faltered on foreign exchange markets and the prospect of higher bank base rates grew. Mr Nigel Lawson, the Chancellor of the Exchequer, yesterday reported to the Cabinet on the economic outlook as the Bank of England intervened to support the pound. There is considerable nervousness among some of his ministerial colleagues about the possibility of another rise in base interest rates before the Conservative Party conference in two weeks. One Government minister commented that Mr Lawson remained concerned to avoid any further rise in borrowing costs but was expected to sanction such an increase if the Bank of England's intervention failed to prop up the pound. A rise in base rates would force an immediate increase in mortgage rates which would push up the recorded inflation rate over the next few months and in turn intensify upward pressure on the pound. Despite the Bank's intervention to support the currency, sterling ended the day at its lowest level against the D-Mark in 11 weeks. The weakness of the pound, and the possibility of a rise in base rates may have to be raised, undermined share prices. The FT-SE 100 share index closed 39.5 points down at 2,291.7. It lost 1 penny and 1/2 cents to DM3,025.0 and \$1,090.0.

Camdessus defends IMF lending policy

Mr Michel Camdessus, managing director of the International Monetary Fund, said yesterday that the IMF's new lending strategy was needed to support the kind of economic reform programmes recently adopted by Poland and Argentina. Both he and Mr Barber Conable, World Bank president, praised these programmes. Report, Page 18

Trading in sterling was conducted yesterday against a background of considerably uncertainty in London's financial markets. Analysts said there had been no large scale selling of the pound.

Few were able to predict the course of market developments although many thought an expected rise in West German interest rates next week could undermine confidence in the pound. Trading in currency markets has so far been dominated by the attempt of G7 central banks to push the dollar lower; sterling has benefited from the market's attention to the dollar, they said. The central bank intervention on the dollar has compounded the Bank's difficulties in propping up the pound. The West German Bundesbank has been selling dollars for D-Marks into the US Federal Reserve. This has had the effect of strengthening the D-Mark against all currencies. This week's gloomy economic news will cast a shadow over the Conservative Party conference which starts on Oct 10, and will provide ammunition for the opposition Labour party at its conference next week. The Chancellor faces a number of critical motions, many about his return on that will obligate large brewers to take guest ale brands in their pubs. Boddington said yesterday that the sale - made after a private auction - had not been provoked by government draft rules on the brewing industry which flowed from the MMC proposals. Lex, Page 18; Currencies, Page 42; London Stock Exchange, Page 35

Poland devalues currency by 20 per cent

By Christopher Bohinski in Warsaw

POLAND yesterday launched a series of devaluations of its currency and unveiled plans for sharp rises in prices for food, fuel and agricultural machinery. Plans by the Solidarity-led coalition Government for further deep cuts in subsidies - possibly from the beginning of next week - were outlined by Mr Marek Dabrowski, the newly appointed Deputy Minister of Finance. He said his Ministry planned the cuts from the beginning of October and warned that prices would have to rise further to bring down the country's current 50 per cent rate of inflation. He was speaking as Mr Leszek Balcerowicz, Deputy Premier in charge of the economy, returned from Washington where he had outlined to senior Western financial officials plans for full liberalisation of Poland's economic system. Mr Dabrowski said that the devaluation of the zloty, by 20 per cent against the dollar, announced yesterday by Poland's National Bank, would be followed by further devaluations in the next few months. The plan for "significantly" lower subsidies on meat, milk, bread and imported raw materials comes as Poland is still coming to grips with the effects of a recent 50 per cent rise in the price of petrol and diesel fuel. This almost immediately led to a doubling of prices demanded by farmers for their produce. Continued on Page 18

UK brewers begin shake-out after monopolies investigation

By Lisa Wood in London and Ian Hamilton Fawcett in Manchester

TWO well-known names in the British brewing and leisure sector - the Thistle Hotel chain and Boddington the brewer - changed hands yesterday in deals worth more than £200m. Mount Charlotte Investments, already BATA's second largest hotelier, becomes the biggest hotel operator in central London after paying Scottish & Newcastle Brewery £55m for the chain. At the same time Boddington said it was selling its brewing operations to Whitbread for £50m to concentrate on its pub retailing, hotel and health care activities. Each deal is an indication of the changes starting to accelerate in Britain's brewing and leisure sector with brewers, in the months after the recent publication of a Monopolies and Mergers Commission investigation, focusing on those businesses they identify as having the strongest growth potential. S & N announced in July that it was looking for a purchaser, said it had decided to sell its brewing operations because of declining ale sales and under utilisation at its breweries. Whitbread, which with the Whitbread Investment Trust has a 31 per cent stake in Boddington, claimed yesterday that the acquisition would make it equal with Allied-Lyons as Britain's second largest brewer after Bass. It hoped the acquisition would be referred to the MMC by the Office of Fair Trading. Whitbread believes that the Boddington name will enable it to take advantage of plans, due to be introduced by the Government on that will obligate large brewers to take guest ale brands in their pubs. Boddington said yesterday that the sale - made after a private auction - had not been provoked by government draft rules on the brewing industry which flowed from the MMC proposals. Lex, Page 18; London stock exchange, Page 35

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Bush retains initiative on budget policy

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush yesterday won an important political victory when the House of Representatives easily approved proposals to cut the US capital gains tax, which is expected to stimulate stock market activity and asset sales. The vote, by margin of 230 to 190, follows eight months of increasingly bitter fighting on what has become a key test both of political power and of rival economic approaches. Some 64 mainly conservative Democrats joined all but one Republican in voting against the alternative to a capital gains tax cut offered by the congressional leadership, which would have involved increasing taxes for the very wealthiest and extending tax relief for savings via individual retirement accounts. This cross-party group is similar to the coalition which supported former President Reagan's tax cuts in the early 1980s. The result represents a serious setback for the new Democratic leadership in the House which had made the issue of party loyalty. It gives the initiative to the President ahead of key decisions in coming months on how to reduce the federal budget deficit, though it still blocks the path of higher taxes. The Administration-backed plan would allow the exclusion from taxation of 30 per cent of the profits from the sale of assets like shares, property and timber, in effect cutting the rate from 28 to 19.6 per cent. This would apply until the end of 1991, after which the rate would rise to 28 per cent, though gains resulting purely from inflation would not be taxable. The proposal should, by encouraging sales of assets, increase tax revenue by \$4.6bn in the first three years, but would lose \$6.5bn a year thereafter. The Congressional Budget Office has estimated that four-fifths of the benefits from the cut would go to those with incomes exceeding \$100,000 a year, or about 2.5 per cent of all US taxpayers. The proposal will shortly go to the Senate where the Democratic leadership hopes for greater support for its alternative to a capital gains cut. Unlike the House version this would not involve raising taxes on the wealthiest. Republicans and conservative Democrats have argued that a cut in capital gains tax should encourage investment and create jobs, citing the example of former President Kennedy's call for such a cut. However, Democrats such as Mr Dan Rostenkowski, whose Ways and Means Committee approved the cut over his objections, have argued that the plan, average, the tax reforms introduced in 1986. Mr Rostenkowski said lower capital gains taxes were "a temporary feel-good gimmick" that would lose money in the long run. The vote shows in part the continued influence of Republican warnings against tax increases. A number of conservative Democrats were worried Continued on Page 18

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MARKETS table with columns for DOLLAR, NEW YORK, STOCK EXCHANGES, and various market indices like FT-SE 100, Nikkei, etc.

CONTENTS table listing various news items and their page numbers, such as 'The magic that Britain's Labour Party needs to win' on page 17.

EUROPEAN NEWS

Bonn pact to curb low-flying jets

By David Goodhart in Bonn and David White in London

AFTER nearly a year of often tense negotiations with its Nato partners, the West German government has reached agreement on significantly reducing noisy low-flying military jets over its territory.

et 250 feet is allowed. The centre-piece of the low-flying package announced yesterday by Mr Gerhard Stoltenberg, the defence minister, is a reduction of flying time in those areas by about 45 per cent.

The hardest part of the negotiations was the reduction in flying time in the low-flying areas from a maximum of 28 minutes to 15 minutes per mission. Negotiations with the British were particularly difficult and even Mr Stoltenberg's carefully worded report admitted they were "intensive".

comparves with a current average of between 20 and 25 minutes. About 40 per cent of RAF Germany's low-flying training on Tornados and Harrier jets is already done outside West Germany.



East Germans scale the fence of Bonn's embassy in Prague

E German refugees reject olive branch

NEARLY 2,000 East German asylum-seekers squeezed into the grounds of the West German Embassy in Prague rejected East Berlin's offer to allow them to emigrate to West Germany within six months if they first returned home, Leslie Collis writes from Bonn.

The East German asylum-seekers, however, appeared to be holding out in the hope that they would eventually be allowed out directly to West Germany.

The number of East Germans scaling the fence onto the grounds of the West German Embassy in Prague rose sharply following a football match between West German and Czechoslovak teams.

Ciba-Geigy seeks help on waste plant

By Peter Marsh

CIBA-GEIGY, Switzerland's biggest chemicals company has invited environmental groups to help in the administration of a chemical-waste treatment plant whose construction has been delayed by fears over pollution.

EC leasing licence studied

By Peter Montagnon, World Trade Editor

THE European Community is considering plans for a single licence for leasing companies which would allow them to operate throughout Europe once they had home country authorisation.

The growth of leasing as a financial activity in Europe had created anomalies because in some member states leasing was regarded as a banking activity and in others it was not.

But he said it would be to the advantage of British leasing companies to obtain the most open possible access to European markets "in which you are more than a match for your continental competitors".

Ukraine Communist Party boss toppled

By John Wyles in Rome

ITALIAN prime minister Mr Giulio Andreotti may be widely known as the wolf and his principal lieutenant in Roman politics, Mr Vittorio Sbardella, as "the shark", but both were yesterday nursing political wounds dealt by the longer, sharper teeth of the Italian Catholic Church.

While always paying his respects to matters sacred, the prime minister has consistently been tolerant of the politically profane, in whose ranks Mr Sbardella enjoys a special prominence.

and Italy's DC president, Mr Francesco Cossiga.

Genetic engineering study for Bayer

By Peter Marsh

BAYER, the big West German chemicals and pharmaceuticals company, is calling in outside experts to judge the safety of its work in genetic engineering.

Official trade unions try to regain initiative

By Quentin Peel

THE beleaguered official trade unions of the Soviet Union, facing the threat of an independent union movement based on the coal miners' strike committees, are seeking to regain the initiative with demands for sweeping new powers from the Soviet parliament.

de debated by the Supreme Soviet, reflects the concerns of Soviet workers at growing inflation, and the threat of unemployment from the likely closure of loss-making enterprises.

At present, companies have to negotiate separately with telecom operators in each country where they want circuits. Much time is wasted making sure that circuits from one operator dovetail with those provided by other operators.

Defeat for Gardini tax concessions

By John Wyles

THE development of Enimont, Italy's joint public-private chemicals venture, is again being dogged by the issue of tax breaks for Mr Raul Gardini's Enimont-Montedison after a parliamentary defeat late on Wednesday evening for a decree law which would have cleared the way for the concessions demanded by Mr Gardini.

and whether he would pool Montedison's basic chemicals assets with those of Enimont without strict assurances that his immediate tax bill would be reduced by 1,825bn (\$73bn).

decreases and may well have to launch a piece of ordinary legislation into highly unpredictable parliamentary waters.

Greeks set new election date

By Kerin Hope in Athens

A CARETAKER government will lead Greece to elections on November 5, the second to be held this year, the ruling conservative government coalition announced yesterday.

Sweden facing high inflation and low growth

Robert Taylor on the dilemma facing the Stockholm finance minister

SWEDEN'S finance minister, Mr Kjell-Olof Feldt, is caught in a vise.

On one hand, inflation is far above the OECD average, and likely to stay that way next year - so he is under pressure to take deflationary measures in next January's budget.

trial conflict this winter if the unions decide to compensate their members for the postponement of tax cuts by reopening wage deals.

Spanish conscription challenge

By Peter Bruce in Madrid

A REBELLIOUS colonel, already under house arrest for suggesting the Spanish army could not fight its way out of a paper bag, said it again yesterday, openly challenging the Socialist Defence Minister to toughen his punishment.

bandwagon begun by former Prime Minister, Mr Adolfo Suarez, on a populist quest for votes.

Given Spain's recent past, and the fact that it has no obvious foreign enemies, many politicians may privately feel that the less efficient the military is, the better.

European telecoms tie-up agreed

By Hugo Dixon

EIGHTEEN of Europe's public telecom operators agreed yesterday to provide their corporate customers with a one-stop shopping service for private telecom networks.

Spanish conscription challenge

By Peter Bruce in Madrid

THE quality of the Spanish military and the usefulness of compulsory military service have dominated the first skirmishes ahead of Spain's October 29 general election.

Col Amadeo Martinez Ingles wants an all-professional army. He wrote as much in a Spanish newspaper yesterday, adding that he did not mind if he never made it to general.

Col Martinez has made these points before. His "crime" last week was to repeat himself just as the right and left-wing opposition parties were clumping onto an end-conscription

Slovenes want to decide their own fate

By Judy Dempsey in Vienna

A combination of mounting public pressure, fuelled by growing nationalist tensions between the republics of Serbia and Slovenia, forced the Slovene communist party and the local assembly to adopt this week's sweeping changes to their constitution.

The constitution of this small northern republic of 2.1 million inhabitants now formally gives Slovenes the right to secede from the Federation and even join another country.

But apart from the economy, what is really at stake now is how the ruling communist party in Slovenia, led by the dynamic and reform-minded Mr Milan Kucan, will respond to the ever growing demands for a multi-party system at a time when the Federal party is resisting such calls.

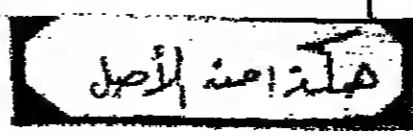
This was particularly obvious last year when three well-known Slovene journalists and authors were jailed on charges of betraying military secrets. In a newspaper article, they had alleged that the Federal authorities were preparing to send in the army to crack down on the growing political dissent in the republic.

Thus, it was this public pressure which inevitably influenced the Republic's central committee which arrived in Belgrade last Monday to confront the Federal party leadership over the proposed amendments.

The Federal party, led by Mr Milan Pancevski, a Montenegro, warned that if the Slovene amendments were adopted, the integrity and unity of the Federation would be undermined.

Not for one moment did members of the federal party think Slovenia would pull out of the Federation. "But we knew that the precedent in setting the right to self-determination and ultimately to secede would upset the balance" said one Serbian official.

For, back in Slovenia, public opinion, boosted by the strong independent political groupings, was pushing the Slovene party up against the wall. And when the federal central committee voted 97 against and 40 for the amendments, the Slovene party could not accept the majority vote.



July 1990

AMERICAN NEWS

Britain will support mercenary extradition

By Michael Littlejohns, UN Correspondent

BRITAIN would not stand in the way if Colombia sought the extradition of British mercenaries alleged to have trained Colombian drug gangs...

No room for the poor in the golden 1990s

Peter Norman sums up global economic outlook from the IMF/World Bank meeting

THIS year's annual meeting of the International Monetary Fund and World Bank ended yesterday in a new spirit of optimism...

growth potential is now around 3 per cent, about one percentage point higher than in the 1970s.

Poland were typical of many countries. Unveiling his dramatic plan to move towards a market based economy...

ings offered little to the poor. The debt reduction plan of Mr Nicholas Brady, the US Treasury Secretary...

able under the new Polish government's economic reform programme could sap the government's popular support...



Child poverty in Colombia: the growing gap between the rich and poor nations may become the central issue for economic policy makers in the 1990s.

Brazilian election favourite tumbles

By Ivo Dawson in Rio de Janeiro

MR Fernando Collor de Mello, the front-runner for months in Brazil's presidential election race, is tumbling in the opinion polls...

apparently repelled by his radical populism and hectoring campaign style. The beneficiaries of Mr Collor's decline are three very different candidates...

UK in airline complaint to US

By Peter Riddell

OFFICIALS from the British Department of Transport have expressed concern to the Bush administration about possible tighter US restrictions on foreign investments in US airlines...

Bush to set national goals for education

By Peter Riddell, US Editor in Washington

PRESIDENT George Bush yesterday agreed with state governors to set national goals for the US education system...

While most participants claimed the discussions had been a success, the forthright Mr William Bennett, the former Education Secretary...

Detailed work on measurable performance standards will now be undertaken before February's meeting of the National Governors' Association.

Several governors urged a reduction in Federal regulation to permit greater flexibility in use of funds provided by Washington.

For the first time since Mr Collor's surge into the lead in June, however, observers are not ruling out the possibility of his failing to win the first stage of the French-style elections...

These are Mr Paulo Maluf, the rightwing ex-governor of Sao Paulo, Mr Luis Inacio Lula da Silva, leader of the socialist Workers' party (PT), and Mr Guilherme Afif Domingos, an advocate of free trade and neo-liberal economic policies.

However, the British officials used the opportunity to talk about the implications of the BA/UA deal. They repeated the long-standing UK belief in free flows of investment between countries and opposition to new restrictions which might discourage such investment.

Pöhl is front-runner to lead EC banking body

By Peter Norman, Economics Correspondent, in Washington

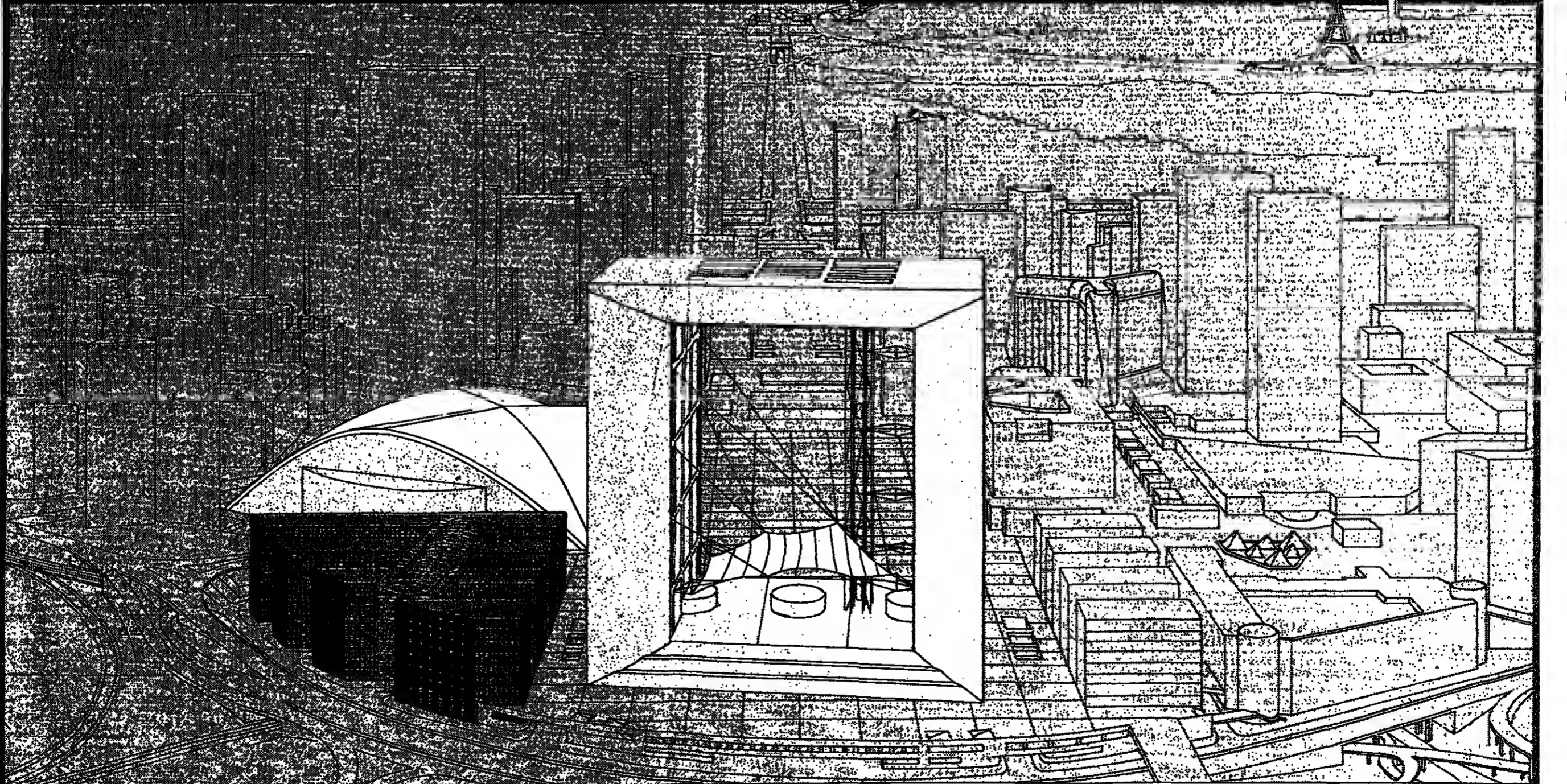
MR KARL Otto Pöhl, the West German Bundesbank President, has emerged as front-runner to head the European Community's committee of central bankers from the end of this year.

The EC moves towards economic and monetary union. The committee is destined to play a greater role in co-ordinating economic and monetary policies in Europe during stage one of the Delors plan for economic and monetary union...

independent central bank, is seen as the man most capable of countering the ambitions of certain European countries, led by France and the European Commission...

It is expected that Mr Pöhl's appointment will be confirmed in December. He would take over from Mr Demetrius Chalkias, the Greek central bank governor, whose one year term expires at the end of this year.

Paris-La Défense: 5 self-contained office buildings Heron Continental Center



The most prestigious site at Paris-La Défense offers an impressive view of the esplanade through to the Arc de Triomphe, the Champs-Élysées and the Louvre. It is also the setting for the Heron Continental Center: 34,000 square metres of prime office space in five independent buildings linked by a majestic glazed gallery...

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OVERSEAS NEWS

US presses for redress over bases in Japan

By Robert Thomson in Tokyo

THE US government, risking increased friction in relations with Japan, has demanded compensation from 145 Japanese construction companies accused of rigging bids and overcharging for work on US military facilities near Tokyo.

The compensation demands, which reportedly total ¥15bn (€565m) and were made in letters sent by lawyers on behalf of the US Government, could cause a backlash in Japan, where US military bases are a sensitive issue.

A US embassy official confirmed that the letters had been sent, and said that the Department of Justice is "considering filing civil actions for compensation for damages as a result of bid-rigging by those firms." The action is the first of its kind against such bidding cartels, which have been a source of trade irritation in Washington.

The US demand arises from construction work at the Yokosuka naval base between 1964 and 1987, when the companies allegedly organised bids at unfairly high prices after having established a "U.S. Military Construction Safety Technology Research Group".

It is claimed that the 145 contractors fixed prices for 278 military orders valued at ¥19.3bn, which included overcharging of about ¥5bn.

Swift action unlikely on NTT break-up proposal

By Stefan Wagstyl in Tokyo

A Japanese Government advisory body is expected to propose that Nippon Telegraph and Telephone, Japan's telecommunications utility, should be broken up in order to promote competition.

The recommendations, which are due to be formally announced on Monday by a committee attached to the Ministry of Posts and Telecommunications, are unlikely to be implemented in the near future. But they will increase the pressure on NTT, which is fiercely opposed to being dismantled, to answer charges contained in the report.

These include claims that the management structure of NTT, which has 277,000 employees, is unwieldy and top-heavy, and that it can exert undue influence on its suppliers because of its huge size.

The committee report is expected to urge NTT to try to solve these problems through corporate reorganisation,

including devolving decision-making to its 10 regions.

Three ways of reorganising the company are likely to be suggested. These include splitting NTT into two companies, one specialising in long-distance and one in local calls, or alternatively splitting into several regional companies. A third option would be to reorganise it into one long-distance company and several regional companies.

Of these, the committee is thought to favour the latter, although it is also deeply concerned about the high costs of break-up.

Politics will inevitably play a part in that decision. Some officials at the Ministry of Posts and Telecommunications have resented the freedom granted to the independent NTT. They believe that the Recruit financial, in which senior NTT executives were implicated, has added weight to the argument that NTT is too big to manage.

Action urged against apartheid

By Robert Mautner, Diplomatic Correspondent

THE Commonwealth Heads of Government meeting in Malaysia next month should continue to seek united action to end apartheid in South Africa, in spite of differences between Britain and the other members over sanctions, Sir Shridath Rampal, the Commonwealth Secretary-General said yesterday.

Introducing his 1989 report on the Commonwealth, Sir Shridath also proposed the setting up of Commonwealth observer missions to monitor elections in member countries and to ensure that they were genuinely democratic.

South Africa will again be a major item on the agenda of the 4th anniversary meeting of the Commonwealth, which will also see the return of Pakistan to the organisation, 17 years after it quit in a row over the recognition of Bangladesh by other members.

However, Sir Shridath, speaking at a luncheon of the

Diplomatic and Commonwealth Writers' Association in London, did not expect the Kuala Lumpur meeting to see a repetition of the virulent arguments between Britain and the other members over sanctions, which dominated previous meetings of the Commonwealth leaders. They had agreed to disagree on this matter and would pursue their separate paths.

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Ferdinand Marcos: giant reduced by his own greed

FERDINAND MARCOS, the disgraced former President of the Philippines, who died in Hawaii yesterday aged 72, was his country's longest-serving leader since independence. He was also ultimately the most disappointing, fostering economic decline and rampant corruption from which the country has yet to recover.



Marcos: imposed martial law

A dashing war hero — although his account of some of that is now in serious doubt — and a successful lawyer-turned-politician, he achieved early popularity and wide respect. But that evaporated as he became increasingly autocratic, the economy deteriorating, corruption ate away at the country's heart and underground opposition grew.

He was able to survive in power for so long probably only because successive US administrations provided such strong and unquestioning support, regarding him as a bastion of anti-Communism in an unstable part of the world. US regional policy made the air and naval facilities in the Philippines an over-valued defence priority, forcing president after president to overlook the Marcos excesses and court his as being among the most important and reliable friends of the West. This craven attitude in Washington changed only when the people of the Philippines had demonstrated beyond doubt that even US support could no longer save the Marcos regime.

The beginning of the end of his regime was his resignation in Washington at Manila airport in August 1983 of his most potent critic, Benigno Aquino, the opposition leader who was returning from exile in the US. His crisis-filled life began in Ilocos Norte on the northern tip of the Philip-

rank of major.

He soon turned to politics and became a representative for Ilocos Norte at 32. Five years later, in 1954, he married Imelda Romualdez after a whirlwind 11-day courtship.

She came from a background at times so impoverished that she spent part of her childhood living with her family in a garage, events which produced such a thirst for success, glamour and recognition that she refused to accept defeat in a beauty competition and persuaded the judge to change his mind and make her Miss Manila.

Although Mr Marcos was a member of the Liberal Party he was elected Senate President with the help of the rival Nationalists. He switched parties to contest the presidency in 1965 and duly defeated President Macapagal.

Four years later he became the first president ever to win re-election, but by then it was transparent he was already deeply mired in corruption, the first of many irregular secret Swiss bank accounts having been opened by him with a \$1m deposit in 1967.

In 1972, ahead of another election which he was constitutionally barred from contesting, and amid growing opposition to his rule, he imposed martial law. From then on, the accretion of power escalated inexorably.

Through skilful use of patronage and an arsenal of security powers, Mr Marcos methodically neutralised his opponents — in the military, the bureaucracy, the corporate sector, the unions, the press, and, above all, the political parties.

He built up his circle of appointees, friends and associates. Among those

to benefit were Imelda's own Romualdez family — her brother was a provincial governor and ambassador to the US — Eduardo Cojuangco, the Philippines coconut king, and Roberto Benedicto, the country's sugar magnate.

Above all, Mr Marcos created the impression of being a man of action, always in charge. He would order this, he would decree that, promise something, and a few days would pass without the president or his first lady on the front pages or the TV news. Yet he established few new political institutions and no visible successors. He became extremely wealthy.

Much of this was tolerated among the people at large. The Marcoses broke hated monopolies, did some good works and cleverly marketed their prestige projects, including the monumental Mrs Marcos's string of unnecessary public buildings.

The hitting of martial law in 1972, though it left Mr Marcos's extraordinary powers virtually intact, was well received. Even after the brutal killings of Mr Aquino, which many blamed on the military, it was still possible to find some support for Marcos among Manila's alien dwellers.

He escaped personal blame for the Aquino slaying. But the evident corruption, brutal tendencies, the persistent Communist-inspired guerrilla insurgency, and the collapsing economy combined to bring him down.

Ironically it was Mrs Corason Aquino, widow of Benigno, a devoutly Catholic, simple, almost naive housewife of homey charm and honesty, who rallied the nation behind her to beat Mr Marcos in the February 1986

elections, forced by the US as the internal security of the Philippines deteriorated alarmingly.

Her victory was so overwhelming that the fraudulent attempts to negate it by the well-oiled election-fixing machinery of his party could not prevent a popular uprising in support of Mrs Aquino. Within three days, with the military deserting him, Mr Marcos and his family had to accept a US offer of exile and flee by night to Guam and then on to Hawaii.

Even then Mr and Mrs Marcos were unable to live in quiet exile. They courted publicity, were caught more than once plotting to return home and accused the US Government which had offered them refuge of holding them prisoners. President Ronald Reagan, who had considerable sympathy for the plight of "an old friend of the US" distanced himself from the pair.

The Justice Department then alleged that Marcos had abused sanctuary by continuing his corrupt financial practices within the US. In October 1988 Mr and Mrs Marcos were indicted in New York on charges of embezzlement, racketeering and fraud in the US.

Mrs Marcos appeared in court in November 1988 to deny the charges and was released on \$5m bail. Mr Marcos failed to appear, citing ill health, as he had done to avoid giving evidence to a Grand Jury investigating his financial affairs in Virginia the previous year.

In more months it became clear that he was grievously ill, surviving only with the help of a vast array of medical machinery. In the end, he succumbed without setting eyes again on the country which he loved so well but whose people he served so badly.

Opposition tries to end Japanese consumption tax

JAPANESE opposition parties submitted a package of four bills calling for abolition of the newly introduced 3 per cent consumption tax to the opposition-controlled house of councillors yesterday, Kyodo reports from Tokyo.

A showdown between the ruling Liberal Democratic Party and other parties over the tax is expected during an 80-day diet session, which was convened yesterday.

The opposition aims to pass the bills through the upper house and force the Government and the LDP to dissolve the House of Representatives, political analysts said.

Hiroshi Mizuraka, chairman of the LDP's policy affairs research council, criticised the proposal, saying the opposition camp is irresponsible not to show a concrete plan for tax reform.

The opening ceremony for the session, which lasts until December 16, was held in the presence of Emperor Akihito and his wife Empress Michiko. Mr Shin Kanemaru, an LDP elder statesman, yesterday forecast that the general election would probably be held in February next year.



Children in Moslem West Beirut dismantle a sandbag barricade from outside their block of flats which had protected it for six months of shelling.

Christian legislators have agreed to attend a weekend meeting of the Lebanese Parliament in Saudi Arabia, but will not debate political reforms unless the Arab League guarantees a Syrian withdrawal from Lebanon, it was reported yesterday, AP writes. The stand emerged at a meeting on Wednesday between the MPs and Gen Michel Aoun, the Christian leader. An Arab League committee of King Fahd of Saudi Arabia, King Hassan of Morocco and President Chadli Bendjedid of Algeria called for the parliamentary meeting tomorrow as part of a seven-point peace plan they announced two weeks ago.

Unions support Korean car workers

By Maggie Ford in Seoul

UNIONS at South Korea's four car manufacturers have pledged support to the trade union at Tong Il Corporation, a major car parts supplier owned by the Unification Church, known as the "Moonies".

Tong Il has a virtual monopoly on supply of transmissions to the South Korean motor industry which was hit by stoppages in the components industry earlier this year.

The dispute marks the first time that unions in a sector have agreed to act in support of workers from a different

company. The Tong Il union also has the support of the Korean branch of the metalworkers federation, which has called for international support for the workers.

The dispute could have a serious effect on production in the motor industry as a whole. Workers in other factories are organising a signature campaign to put pressure on the Church and have urged the Government and the National Assembly to investigate the case.

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Australian banks cap mortgage rates at record 17%

By Chris Sherwell in Sydney

AUSTRALIA'S Big Four commercial banks yesterday agreed to cap politically sensitive mortgage rates at the current record level of 17 per cent after the government lifted their returns on compulsory deposits with the Reserve Bank.

The extraordinary deal was unveiled by Mr Paul Keating, the federal Treasurer, following meetings with the banks and the Reserve Bank, and headed off an expected one percentage point rise in home loan rates to 18 per cent.

But it was promptly condemned as "desperation stuff" by Dr John Hewson, the opposition's shadow treasurer, who said the government was preparing the ground for an early election, perhaps in December.

Under the terms of yesterday's arrangement, the Reserve Bank will no longer pay the low five per cent interest on the "non-callable deposits" which banks have to make with it. Instead it will pay five points less than the amount available on Treasury notes — now around 17.4 per cent.

The Reserve Bank sharply increased interest payments to 6.5 per cent since April, on expectations of higher interest rates after last week's poor balance of payments figures. Mr Keating has twice since then ruled out a further tightening of monetary policy.

Regulated mortgages still account for more than 30 per cent of the total home loans outstanding. This fact, together with the banks' willingness to lengthen home loan terms and to adjust interest only once a year, helps to explain why rising mortgage rates have not damaged the government even more.

Yesterday's developments are thought to have contributed to a weakening of the currency on the Sydney foreign exchange market. On a trade weighted basis the Australian dollar finished at 60.1 (May 1970=100), down from 60.8.

Monday it had climbed to 61.5, its highest since April, on expectations of higher interest rates after last week's poor balance of payments figures. Mr Keating has twice since then ruled out a further tightening of monetary policy.

Airline pilots reject arbitration efforts

By Chris Sherwell

AUSTRALIA'S pilots yesterday rejected official mediation of their six-week-old pay dispute with the domestic airlines, dashing hopes of a quick return to normal services.

The Industrial Relations Commission (IRC) intervened after failing to break the deadlock between the Australian Federation of Air Pilots (AFAP) and the three domestic airlines, whose position has been backed by the Labor government.

Mr Barry Maddera, IRC president, said the postponement was in order to consider further action on how to settle the dispute, which has left the country's air services and the tourism industry in chaos. He did not elaborate.

Mr Terry O'Connell, AFAP executive director, said that the pilots did not need arbitration, but wanted direct talks with the airlines on the 30 per cent pay raise demand.

But the domestic carriers, Australian Airlines, Ansett and East-West Airlines also adopted a tough stance, refusing to negotiate with the AFAP and maintaining their right to sign individual contracts with pilots.

The AFAP decision to reject arbitration was a blow for the Industrial Relations Commission, the country's principal conciliation and arbitration body, which stepped back into the dispute earlier this week in a bid to end the impasse.

The failure means continued air travel difficulties for the valuable tourist industry and additional disruption to business and commerce. For the Labor government, it promises further embarrassment.

Unless some other mediator steps in, the airlines will have to press ahead with plans to rebuild their industry by recruiting new pilots.

The 1,640 pilots, represented through the Australian Federation of Air Pilots, resigned their jobs en masse last month in support of a 29.5 per cent pay claim.

The airlines, backed fully by the Labor Government and leaders of the trade union movement, initially insisted that the pilots commit themselves to the country's centralised pay-fixing guidelines, which are administered by the Commission and provide for 6 per cent increases.

The airlines have since dropped recognition of the pilots' federation, and urged pilots to sign up on higher-paying individual contracts while jobs were still available.

Yesterday the tactics used by the airlines and government against the pilots federation were attacked in a motion brought by left-wing unions in the Australian Congress of Trade Unions (ACTU), the country's principal trade union body, which is holding its biennial meeting in Sydney.

But Mr Bill Kelly, secretary of the ACTU — and government ministers, including Mr Bob Hawke, the Prime Minister — continued to attack the pilots for their actions. Mr Hawke repeated that the airlines would go on rebuilding operations without the pilots' federation.

Following a three-week grounding of the domestic carriers' flights, an estimated 50 per cent of normal demand is now being met through alternative services.

Iraqis find times can be bleak in a post-war world

Victor Mallet reports on the country's economy a year after the end of the Gulf War with Iran

TIMES are hard in post-war Iraq, particularly if you are a man looking for a wife.

A typical Iraqi can earn 150 dinars a month, worth \$450 at the official rate of exchange but only a tenth of that on the black market. The bride price could be as much as 5,000 dinars, and annual inflation is around 40 per cent. Some men are old before they marry.

In spite of the ceasefire which stopped the Gulf War against Iran more than a year ago, these are difficult times for the Government as well. President Saddam Hussein's internal security services are as active as ever, but they have been unable to prevent a mysterious wave of violence during the hot summer months.

In July several people were reported killed in a night-time battle in central Baghdad between soldiers and police. The confrontation, diplomats believe, had its origins in an argument involving troops trying to return to their units

from the city's main bus station. Since then several homemade bombs have been planted in Baghdad in a campaign which seems to have been directed against foreigners.

In one of the latest incidents in September three grenades were thrown into a crowd of expatriates watching a film at the British club, badly injuring a nine-year-old Polish boy and hurting 24 other people. In the same week a bomb exploded in a Baghdad street. Both incidents coincided with an international cultural festival in Babylon, where President Saddam is being hailed as a latter day Nebuchadnezzar.

Whether the perpetrators are members of Dawa, a shadowy Shia Muslim movement, Kurdish guerrillas or some other opposition activists, they have several popular grievances to exploit. Ordinary Iraqis are bitter about their inability to travel without exit visas, angry about the 70,000 prisoners of war still held by Iran, and resentful of the *nouveaux*

riches traders and exiled bourgeoisie who did well out of the war and are now profiting from the Government's economic liberalisation measures.

Many Iraqis are at a loss to understand why consumer goods are so difficult to find — or so expensive — when the war is over. They are not always aware of Iraq's \$66bn to \$80bn debt burden.

Government ministers are conscious of the strains on the economy and public tolerance, although they refuse to contemplate a multilateral debt rescheduling agreement or recourse to the International Monetary Fund. No official financial statistics are released.

"There are two things I'm concerned about — debt and inflation," says Mr Hikmet Mukhalif, the Finance Minister. He sees no merit in a devaluation of the dinar, which would push up inflation and do little to encourage exports, since they are mostly oil ship-

ments already denominated in dollars and sold by the state. "With over-valuation," he says, "while other factors are all the time pulling prices up, I am putting prices down."

The Government believes that state-led industrialisation will eventually pay for itself, but in the meantime it is pursuing a number of other policies to revitalise the economy and dampen popular discontent. As soldiers are demobilised following the ceasefire, it has started to squeeze out the 2m migrant workers — mostly Egyptians — who kept the country going during the war but also repatriated some \$1.5bn a year in foreign exchange. The amount each worker can send home has recently been sharply reduced.

President Saddam and his ruling Baath party, while willing to pay hard currency for foreign expertise in petrochemicals and heavy industry, have at the same time instituted a labour-intensive crash programme to rebuild the war-

damaged southern cities of Basra and Faw with local resources.

Last year they decided to allow Iraqis to see foreign currency illegally held abroad for badly-needed imports, with no questions asked. This relaxation of Baath socialist ideology had an immediate effect. Consumer goods worth an estimated \$2bn have flooded into Iraq, but high prices have further alienated the poor.

Privatisation has also proved to be a two-edged sword. Over the last two years, dozens of state farms, food processing factories and textile companies were sold off to the wealthy and the well-connected. Retail price controls of vegetables were lifted, only to be hurriedly reintroduced when prices soared. Subsidies on other basic foods remain.

There is even talk of a Baghdad stock exchange and of the possibility of private banks. A new state commercial bank, the Rashid Bank, has already been established to compete

with Raedid. "We are heading for the open market definitely," says Mr Mukhalif. "We are moving towards privatisation as much as the private sector capacity can absorb."

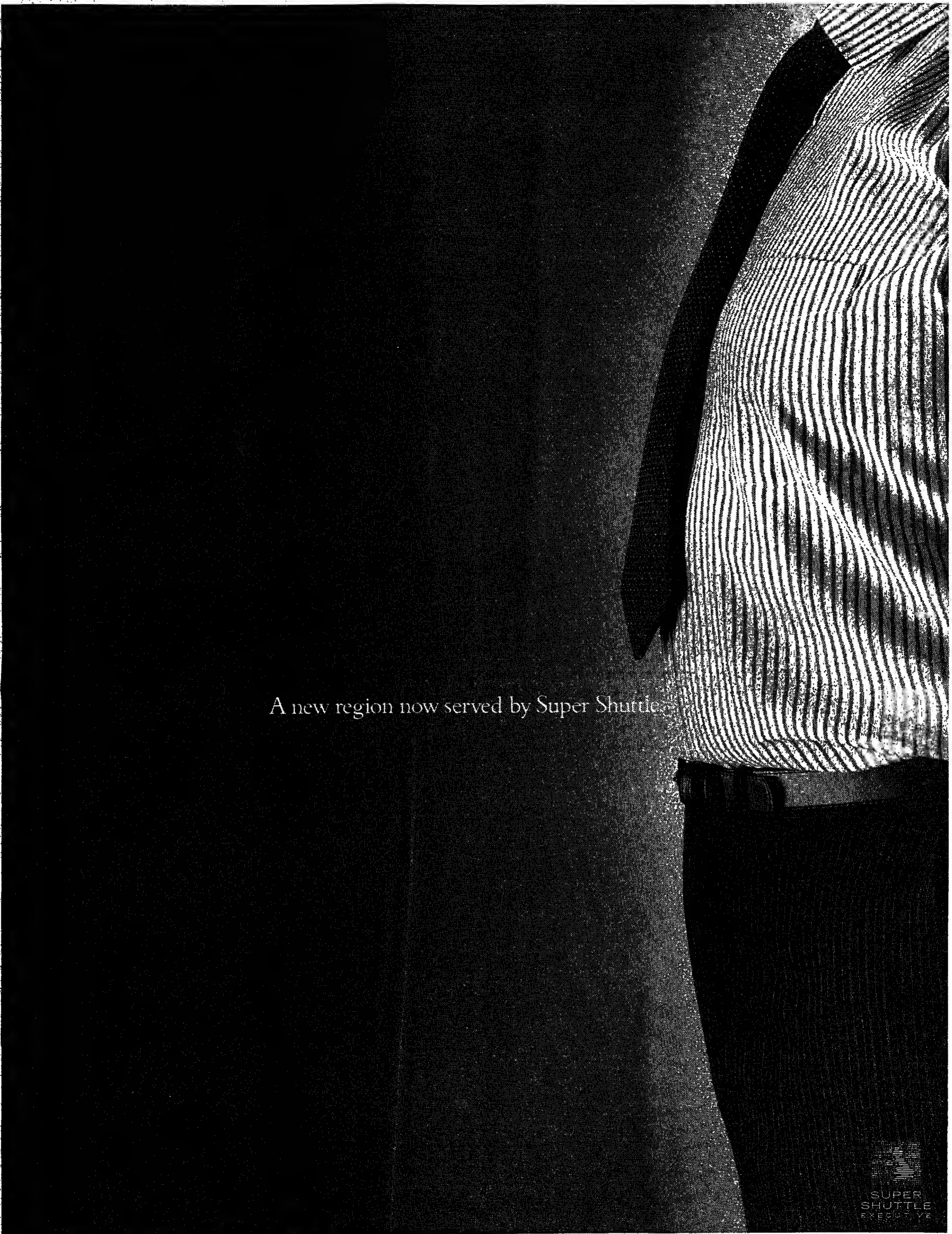
For the moment, however, the privatisation drive appears to have run out of steam. Private businessmen, lacking management skills or not prepared to take the risks — to invest in the big hotels, the national airline or large industries. Arab investors from other countries, invited by Iraq to put their money into the post-war economy, have been less than enthusiastic.

Political reform is also on the Iraqi agenda, and the National Assembly is considering the merits of allowing political parties, press freedom, and presidential elections. Opponents of President Saddam dismiss this as window-dressing to please the international community, and nobody believes that he will relax his fearsome grip on political power.

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WORLD TRADE NEWS

US urged to liberalise rules for East bloc trade

By Nancy Dunne in Washington and David Goodhart in Bonn

THE US is coming under renewed pressure from Western Europe and Japan to liberalise the 15-year-old rules of the Co-ordinating Committee for Multilateral Export Controls (CoCom) on the export of machine tools to the Eastern bloc. Talks are taking place this week and next within the Paris-based CoCom on the products, crucial in advanced weapons manufacture.

Despite the pressure for liberalisation, led by West Germany, a year of talks within the Reagan and then Bush administrations has failed to produce a position the various US agencies can unite on.

As is usual the Pentagon is taking the hardest line, contending the Soviets are incapable of producing and should not get - tools with a slide position accuracy of plus or minus 10 microns. The Commerce Department is reportedly prepared to back the export of more sophisticated machines, up to plus or minus 5 microns. Most European countries want to go down to the "green line" established for Chinese exports of 2 microns.

The US machine tool industry, which supplies only 1 per cent of Eastern bloc imports, is hoping for more business, but mainly through more effective harmonisation of the way the CoCom rules are applied in different countries.

Mr Jim Mack, a spokesman for the National Machine Tool Builders Association, said the unclear language of the present rules has worked against the US industry. When there is doubt about a sale the US Government goes to CoCom for a ruling, while other CoCom members just permit the sale. Poor enforcement by CoCom partners has added to the US's competitive disadvantage.

West Germany on the other hand, which dominates the market in Eastern bloc tool imports, claims that the relatively strict rules on machine tools - many of them dating back to 1970 - is a classic case of the US abusing the CoCom rules for industrial policy reasons.

West German officials argue that the rules have remained strict because the US industry is unable to compete in the machine tool sector, while they have been significantly relaxed in computers where the US is more competitive.

The West Germans also argue that the Pentagon is refusing to accept the solid evidence that the East Bloc can already make 2 micron machine tools, of adequate quality and quantity, itself. Technical experts say that the East Germans were displaying such machines at the Machine Tool Fair in Hanover, West

The US contends that poor enforcement by its trade partners is giving it a real competitive disadvantage in sales

Germany, earlier this month.

Another Pentagon argument which the Germans, and others, take issue with is that on foreign availability. Normally if an Eastern bloc country can easily acquire a certain category of equipment from a non-CoCom country that category is then dropped from the CoCom list.

However, on machine tools the Pentagon is saying that as long as talks with non-CoCom countries - such as India, Sweden, Taiwan and Switzerland - are continuing, with a view to seeking voluntary export restraint in this sensitive field, then the organisation should not give up the fight.

Yet another leg of the argument between the US and most other CoCom members concerns the power of the computers used in the machine tools. The US wants a 16 byte ceiling but the Europeans and Japanese want a different measuring system which would allow some 32-byte computers, still banned by CoCom.

The West German machine tool industry is becoming increasingly impatient with what it considers to be many on-dated restrictions on potential sales. At the beginning of the decade the industry made an important step forward in integrating computers and lasers into machine tools which has given it a commanding market share in the arms industries of many countries, including the US.

Intel plans £200m plant in Ireland

By Kieran Cooke and Terry Dodsworth

INTEL OF California, the world's leading manufacturer of advanced computer chips, is expected to announce expansion plans in Europe next week with a large-scale investment in the Republic of Ireland.

The US company is understood to be on the point of announcing an £200m (\$281.7m) plant in the Dublin area.

Eventually the factory will employ more than 2,000 people, making the American group one of the main industrial employers in the country.

Intel's decision follows months of agonising over its European development policy in the wake of new regulations which give significant cost advantages to local European producers.

These new regulations define locally-made semiconductors as those which have

already gone through the most expensive process of water fabrication in Western Europe. The manufacturers of finished electronic products, such as televisions or office equipment, are more likely to buy those semiconductors than imports.

The reasoning behind this is that their finished goods can then qualify more easily as European-made.

This helps to avoid the stiff anti-dumping duties.

Other semiconductor companies, such as Fujitsu of Japan, have already responded to the regulations by announcing sizeable investments in the European Community.

Texas Instruments, the US chip group which has been present in Europe much longer than most overseas semiconductor companies, has also decided to expand

with a large new plant in Italy. Up to now, however, Intel has stood out against the trend, saying that it preferred to keep production close to its design and development activities in the US.

This partly reflects the group's tradition of tight operational control and flexibility, methods that have given it a long record of innovation in both memory chips and microprocessors.

The Intel project will be one of the largest industrial start-ups by a foreign company in Ireland.

There has been intense lobbying for it and the project has been won for Ireland against extremely strong competition from several other regions of Western Europe, including Scotland.

Intel had a turnover of \$2.97m last year and profits of more than \$450m.

Egypt and Turkey in power pact

By Tony Walker in Cairo

EGYPT and Jordan have agreed to proceed with a \$170m project to connect their power grids so that they can share surplus electricity. The scheme is part of an ambitious programme to link Egypt's power system with neighbouring Arab and African states.

Mr Saïd Issa, chairman of Egypt's Electricity Authority, said that final steps were being taken to select a consultant to implement the project which will be financed by the Arab Fund for Economic and Social Development.

Mr Issa said it was hoped that tenders would be called and evaluated within six months. The project, which involves laying a cable under the Gulf of Aqaba, is expected to be completed by 1992.

The responsible Jordanian and Egyptian ministers approved the project this month as part of a general attempt by the two countries to strengthen technical and commercial links. Both are members of the newly-formed four-nation Arab Co-operation Council (ACC).

Loss of subsidies has been no obstacle to Third World sales

Sails set for Danish windmill exports

By Xuexing Lin

FAVORABLE winds are carrying Danish windmill exports steadily upwards. New orders from Spain, India and Egypt have provided the flagging industry with a much-needed boost after the Danish Energy Ministry abruptly cut off all state subsidies from August this year.

"We are almost glad the subsidies are gone," explained Mr Per Krosgaard, consultant with the Association of Danish Windmill Producers. "It has taken away the pressure of having to prove that it is feasible to use wind power."

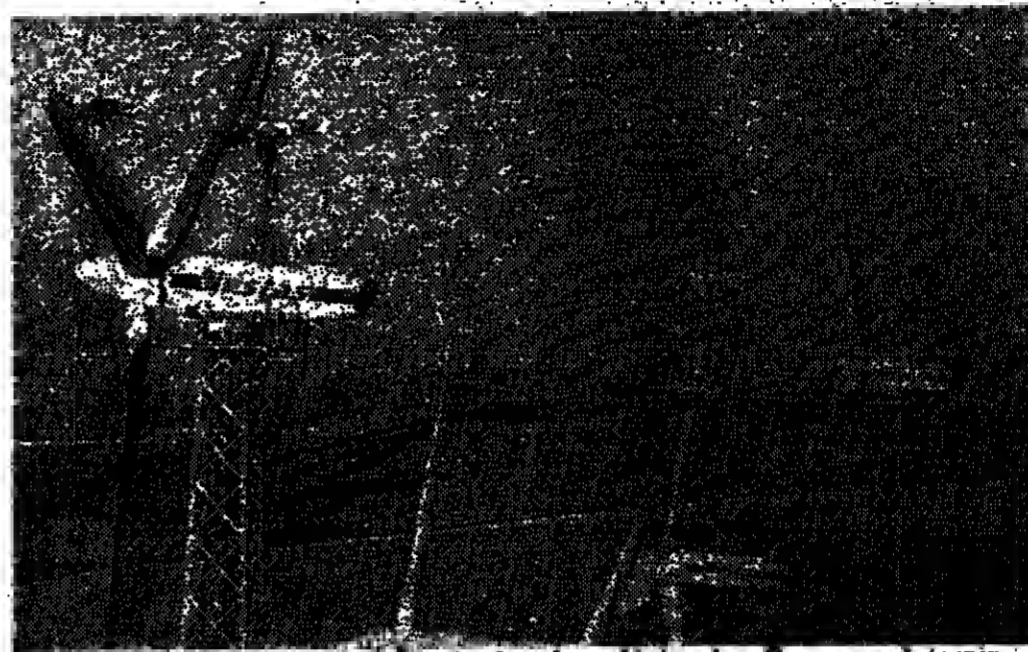
The Danish industry holds a leading position in windmill technology. Some 30 per cent of windmills used to produce electricity in the world were built by the Danes. But the sector has leaned heavily on state support.

At its height in 1981, the Danish state gave a direct 30 per cent subsidy on the sale price of every windmill. Over the past few years, however, the hand-outs have become progressively smaller and now have dried up altogether under the present Government which is unsympathetic to state subsidies.

Total exports for 1988 for the entire industry hovered around DKR150m (\$20.3m) but a spate of new orders this year from non-traditional countries is expected to boost export figures considerably.

"Demand from traditional windmill fields such as in California is tapering off and the new market appears to be developing in Eastern bloc countries which want cleaner sources of energy," said Mr Krosgaard.

The Nordtank Energy Group, which consists of two Danish



A Danish wind turbine in use in California where demand is tapering off as new markets open.

Denish export efforts hit a high point in August this year when the Soviet Energy Ministry entered into a co-operation agreement with a Danish engineering consultancy, Cowiconsult. The agreement is aimed at replacing Soviet nuclear power stations with Danish windmills. Two pilot projects in Estonia and Ukraine are on the drawing board. The industry argues, fairly convincingly, that wind power is no longer an uneconomical Green fantasy but one of the cheapest sources of energy available. Hope is being pinned on a DKR750m fund for export financing which is being considered by the Danish Government to arm the producers for the battle of the windmills.

The two Danish companies Wincon Wind Energy and Mat-Airfold, sold the design of the windmills for DKR7m. The

100 windmills, which resemble giant electric fans, are expected to start producing energy next year.

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EC attacked over 'dumping'

By William Dullforce in Geneva

THE US and Hong Kong stepped up their attack on the European Community's anti-dumping policy yesterday. They put forward separately in the Uruguay Round talks proposals for controlling the application of rules of origin for imported goods or their components.

Mrs Carla Hills, the US Trade Representative, fore-shadowed the US initiative earlier this month during her six-day European tour.

Then she was heard to complain about the "ambiguity" of the rules that the EC was using to determine the local content of electronic office equipment.

In a similar move prompted by the problems its car, semiconductor and other electronic manufacturers have faced in exporting to the Community, Japan last June asked the General Agreement on Tariffs and Trade to establish guidelines for determining rules of origin. The US yesterday submitted a three-part proposal for harmonising the rules to the

determination of origin should be reviewable by an independent administrative of judicial authority in the relevant country.

Arguing that any attempt to harmonise rules of origin would not yield results within the time of the Uruguay Round, Hong Kong submitted detailed proposals for strengthening Gatt controls.

A Committee on Rules of Origin would be established to supervise the administration of the rules and investigate disputes, which could in final resort be subjected to Gatt's strengthened dispute settlement mechanism.

Mrs Carla Hills, the US Trade Representative, says she is preparing to draw up a retaliation list against South Korea for its restrictions on beef imports. Nancy Dunne reports from Washington.

The dispute has been referred to a Gatt panel. According to Mrs Hills, a report favourable to the US is being blocked by the South Koreans.

group negotiating on non-tariff barriers to trade.

Initially Gatt should seek the technical help of the Brussels-based Customs Co-operation Council to determine when transformation of a product is enough to confer "origin" and to identify those products which are subject to rules of origin that differ from the primary rules used by individual countries.

The resulting report, which should be completed within one year, would be the basis for negotiating a new agreement.

It would establish time limits for changing the rules, allow for consultation and provide for periodic review and dispute settlement.

Four principles would apply to all origin systems; rules should state what confers origin rather than what does not confer origin - origin should be determined consistently within each national system - rules should be easily understood, unambiguous and predictable in application - any

Project to unravel the numbers for trade in services

By Peter Montagnon, World Trade Editor

A SERVICE is something you can buy and sell but not drop on your foot.

This curiously unscientific definition is one that crops up frequently when economists gather to discuss the current international move to liberalise trade in services. Its use underlines a serious statistical lacuna for a sector which now accounts for 20 per cent of all world trade.

Now in a new report on trade in services the General Agreement on Tariffs and Trade Trade Representative, says she is preparing to draw up a retaliation list against South Korea for its restrictions on beef imports. Nancy Dunne reports from Washington.

The dispute has been referred to a Gatt panel. According to Mrs Hills, a report favourable to the US is being blocked by the South Koreans.

LEADING EXPORTERS & IMPORTERS OF SERVICES (\$bn & %)									
EXPORTERS					IMPORTERS				
Rank	1970	1987	Value	Share	Rank	1970	1987	Value	Share
1	1	1	58	11.2	2	1	1	64	12.4
2	2	2	53	10.6	1	2	2	59	10.8
3	3	3	49	9.5	3	3	3	52	10.1
4	4	4	41	8.2	4	4	4	49	9.3
5	5	5	33	6.5	5	5	5	33	6.4
6	6	6	28	5.5	6	6	6	26	5.0
7	7	7	23	4.5	7	7	7	23	4.5
8	8	8	22	4.3	8	8	8	17	3.3
10	8	9	18	3.5	9	9	9	16	3.1
15	10	10	15	2.9	10	10	10	12	2.3

time when the idea of telecommunications or even banking being an important traded service was scarcely heard of. They divide services income into five categories: shipping, port and passenger services which deal basically with transport travel which refers to services such as hotel accommodation sought by travellers at their destination and "other private services" which include the temporary

workers, income from royalties and other intellectual property and residual services.

It is into this category that fall almost all the rapidly growing international services - insurance, banking, telecommunication, construction, software and data processing - that have become the focus of policy discussion.

The Gatt figures show that these are precisely the services which have been growing fastest in recent times.

Between 1970 and 1987 the value of trade in "other private services" grew by an average of 15 per cent a year, outstripping not only trade in other services, but also that in manufactured goods as well.

By 1987 "other private services" trade accounted for \$201bn out of total world services trade of \$505bn.

The growing importance of this service trade may itself

provide a strong argument for pushing towards agreement to liberalise trade in services as part of the Uruguay Round of multilateral trade negotiations. Says Mr Jean Spero, recently appointed Treasurer of American Express and an expert on trade policy: "What we've seen for the first time in a credible way in a study done for a major international organisation is that services are really important."

Gatt admits candidly, however, that its figures can give only a rough estimate of orders of magnitude. Its attempt to break down the "other private service" earnings of leading service exporters into nine basic categories succeeded only with West Germany and Belgium/Luxembourg.

Elsewhere national reporting idiosyncrasies make full international comparison impossible. For example, the US records trade union-related transactions which are thought to refer to flows of United Auto-Workers union payments between the US and Canada, but it has no figures for trade in banking services. Greece has the second-largest merchant fleet in the world, but reports no figures on its earnings.

It used to be thought that this dearth of statistics would make the task of Uruguay Round negotiators much harder, because governments would be unable to put a value on the benefits they were conceding or gaining. For the present the negotiators have simply decided to ignore this problem, and some economists such as Mr David Lomax,

right - and the assumption in the report is that the recorded figures are fairly representative of the true value of trade in services - then these self-same officials have much less excuse for ignoring the trade implications of their decisions.

Where the report is somewhat mixed is in the message it spells out for developing countries who have been among the most reluctant players in the Uruguay Round negotiations.

Only one such country, South Korea, ranks among the top 15 exporters of services. India and Brazil do not even figure in the top 25.

This could make it harder for the industrial world to persuade developing nations that they have much to gain from liberalising their services trade. Yet the report also includes a long list of developing countries whose services have grown, sometimes dramatically, as a proportion of their trade since 1970. In India's case the share has risen from 13 to 23 per cent. Suez Canal earnings have pushed Egypt's figure to 53 per cent.

Apart from these few cases, Gatt economists admit that it is difficult to tell from their new statistics exactly where precise competitive advantage resides in services trade. It offers no explanation, for example, as to why France boasts a growing share of services in its total exports while that of the UK has declined.

Yet a central message is crystal clear. Many services, such as banking, insurance, communications and transport, reach the heart of the economy and provide essential inputs into the manufacturing process.

Countries which want to compete in world markets need to acquire these services as cheaply and efficiently as possible. In other words it is now worth liberalising service imports even if all you want to do is sell more goods.

International Trade 88-89, pp 37-50, available from the Gatt secretariat, 154, rue de Lausanne, 1211 Geneva, Switzerland.

New Issues September 28, 1989

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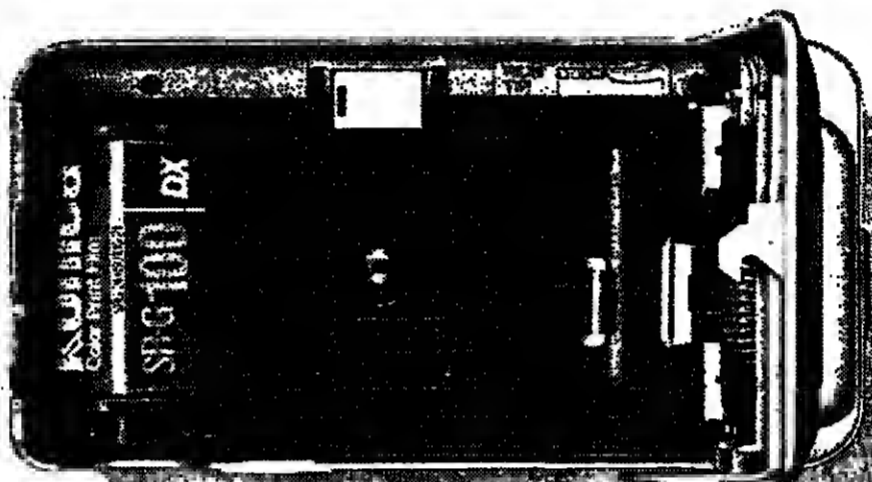
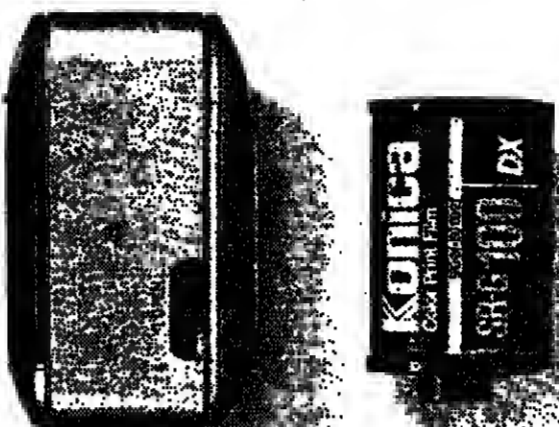
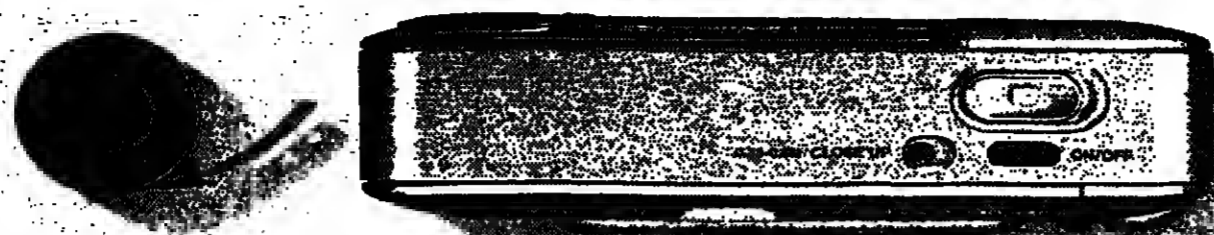
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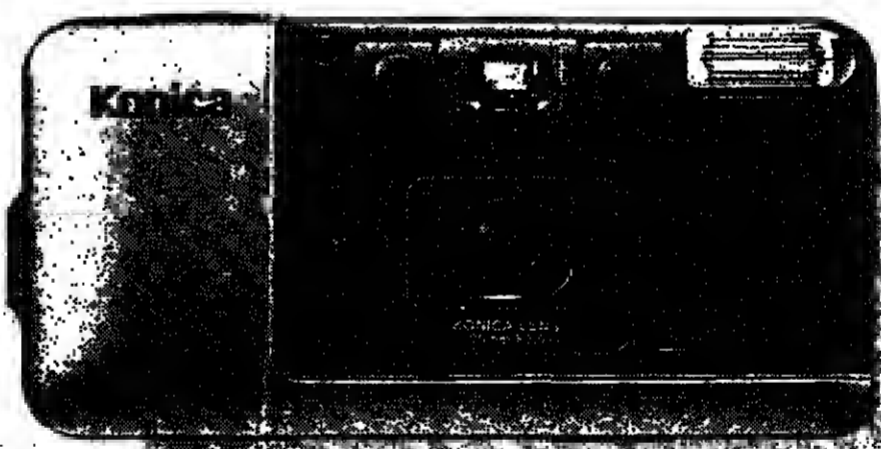
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UK NEWS

Nationwide Anglia to cut 150 branches in shake-up

By David Barchard

NATIONWIDE ANGLIA, the second largest UK building society with assets of £24bn, is to close more than 150 of its 883 branches and shed 400 jobs. The move, the first of its kind by a building society (home loan institution), is part of an ambitious rationalisation plan involving a total investment of £500m which the society says will equip it to meet the challenge of the 1990s. It follows cuts made earlier this year of the society's estate agency operations which made heavy losses. The society emphasised yesterday that the cuts have not been forced on it by the downturn in the housing finance market which has slumped by around 20 per cent as a result of the Government's high interest rate policies. "Our mortgage business, like that of other building societies, is holding up very well. Our profits last year were £239m and we hope they will hold up this year too," Mr Tim Melville-Ross, the chief executive said. "We would be doing this operation now even if the housing market was roaring ahead." "These plans are the result of a detailed strategic review by Nationwide Anglia's board," Mr Melville-Ross said. "Finan-

cial services retailing is already one of the most competitive markets and will become increasingly so over the next few years. We are determined to maintain our reputation for innovation." Almost all the redundancies will be at junior and middle management level, though a few top management posts will also be affected. Relatively few cuts of counter staff are planned. Nationwide Anglia staff have been warned that if the voluntary redundancy scheme is not taken up in sufficient numbers, there will have to be some compulsory redundancies. Mr Daniel Hodson, Nationwide Anglia's newly appointed deputy chief executive and finance director is believed to have pressed for the rationalisation of society, which was created in a merger between the old Nationwide and Anglia building societies exactly two years ago this month, to be as forceful and ambitious as possible. The 1987 merger created a new giant among building societies with ambitions to be one of the leaders of the UK retail banking industry. Nationwide Anglia led the way in introducing interest-bearing current accounts, eventually forcing all

the other main banks and building societies to follow. But its managerial and capital base was slender compared to the goals it set itself, while the merger left a legacy of chronic problems. In many towns the society's operations are unnecessarily duplicated with branches of the former Nationwide and Anglia building societies standing close to each other. Mr Melville-Ross said yesterday that the 150 branches being shut down are scattered across the country, though many are in the south of England. To develop its remaining branches, Nationwide Anglia is planning a new £350m investment programme over the next five years in addition to £150m which it has already spent improving administration and technology. Over £100m will be spent on two computer centres and administration at Northampton and Swindon, while £250m is to be spent converting Nationwide Anglia's branches to an open plan format and increasing the range of customer services it offers. Nationwide Anglia has been frequently criticised in the past for its high management expenses and low profitability.

Power contracts seen to win cabinet vote

By Maurice Samuelson and James Buxton

MR JOHN WAKEHAM, Energy Secretary, is believed to have won the Cabinet's approval yesterday for the way the electricity industry will function after privatisation. He is expected to tell industry leaders in London today that a committee of the Cabinet, including the Prime Minister and Mr Nicholas Ridley, the Trade and Industry Secretary, did not reject the system of power contracts worked out on Monday despite complaints by potential newcomers to the industry that it will inhibit genuine competition. There was some sympathy

for this view, but the Cabinet appears to have realised that another prolonged debate would imperil the prospects of completing the electricity privatisation in the present term of Parliament. Even so, there is likely to be a delay of three or four months in selling the 13 area distribution boards in England and Wales, which is not now expected to be completed until next autumn. There could also be a similar delay in the vesting day of the new private companies, due to have fallen on January 1 1990. This makes it more likely

that the two Scottish electricity boards will be privatised first. Mr Malcolm Rifkind, the Scottish Secretary, had earlier said he did not want the Scottish power boards to be privatised before the English and Welsh boards, but he has now indicated that he has dropped his objections. The South of Scotland Electricity Board and the North of Scotland Hydro-Electric Board are simpler to privatise than the English area boards and power generators because they are vertically integrated. They both produce and distribute electricity and do not have the

serious problems about contractual relationships which bedevil the privatisation process south of the border. These problems may make it almost impossible for the Government to maintain its schedule of selling the English area boards in the spring of 1990, followed later by the two power generating companies, Powergen and National Power. If the area boards could not be privatised before the autumn of 1990, there might be little time to sell the Scottish boards before a general election, which might take place as early as autumn 1991.

Government unlikely to approve EC charter

By Charles Leadbeater, Labour Editor

THE Government yesterday signalled that it was unlikely to approve the revised social charter of workers' rights, published by the European Commission on Wednesday, when it is presented to EC leaders in December. Mr Norman Fowler, the Employment Secretary, in a speech to the Association of American Correspondents in London, said the charter would cast a shadow over the 1992 single European market programme by threatening to undermine the competitiveness of European industries. He said: "The fear is that the social charter would add to industry's costs, impose unnecessary regulation and ultimately destroy jobs." The revised draft, produced after three months' consultations with employers and unions, is intended to provide a floor of workers' rights covering pay, hours, health and safety and employee involvement in decision making. The other 11 EC governments support the charter. Only Britain voted against it at a meeting of the Commission. On several issues member states, unions and employers would be left to decide how best to meet the charter's provisions. While every worker would be entitled to decent pay, the definition of the decency threshold would be left to member states. However, some of the charter's provisions conflict with UK government policy. It would forbid the employment of people under 18 for work at night. The UK recently repealed this restriction. Mr Fowler said it was extraordinary that the revised charter did not take account of three points agreed by all governments at the EC's Madrid meeting this summer. These were: The charter should make clear that job creation must be the top priority for the EC. Action should be taken at Community level only if it would aid initiatives taken at a national level by member states. The charter's proposals should take account of the diversity of national policies and practices, rather than impose uniform procedures, particularly on employee involvement. Mr Fowler stressed that the UK Government was keen to encourage employee involvement through profit sharing and employee share ownership, rather than through arrangements favoured in West Germany and the Netherlands to give workers representation on company boards. Average gross weekly earnings for all adult employees rose by 9.5 per cent in the year to April, according to the first part of the 1989 New Earnings Survey published by the Department of Employment yesterday. The 1989 rise, which compares with a 9.7 per cent rise in the 12 months to April 1988, confirms continuing strong upward pressure on wages. Women's earnings rose more strongly than men's. For adult males in all occupations, gross weekly earnings rose by 9.5 per cent to £262.50, while the corresponding figure for adult women full timers was 10.8 per cent to £182.90 a week. For adult males in manual occupations average weekly earnings were £217.80, including £57.90 in overtime pay, incentive pay and shift premia. About 16 per cent of male manual workers earnings were accounted for by overtime, compared with 3.4 per cent for male non-manuals and 6 per cent for women manual workers. The New Earnings Survey 1989, Part A. HMSO, 59.75.

Restrictions on television listings to be removed

A PUBLISHING war could be unleashed by the Government's plan to compel the BBC and the ITV companies to make their programme schedules available to a range of publishers, writes Raymond Snoddy. The decision, announced yesterday by the Government, will create for the first time in the UK the opportunity to publish listings magazines carrying comprehensive programme schedules covering all of Britain's broadcasters. In other European countries there is already considerable competition between listings

magazines. In Belgium there are more than 30; in West Germany nine. Big publishers are poised to enter the British market as soon as it is legal. To date only Radio Times, owned by the BBC, can list all BBC programmes. TV Times, until recently owned by the ITV companies but now owned by Reed International, has a monopoly over listing commercial TV programmes. Broadcasters will in future have to give all legitimate publishers full information on their schedules.

City funds invested 'more in foreign than UK stock'

INSURANCE companies and pension funds invested more in the shares of overseas companies than domestic companies in the second quarter of this year, official figures showed yesterday, writes Patrick Harverston. From April to June this year a net £2.25bn was invested in overseas companies, compared with just £262m during the same months in 1988, said the Central Statistical Office. Investment in UK company stocks was £1.9bn, down from the £2.7bn invested during the same quarter of 1988.

The Government's policy of buying back government bonds meant that there was a net disinvestment in UK public sector securities of £2.4bn during the second quarter. Insurance companies and pension funds have now sold more than £8bn worth of public sector securities in the last four quarters as the budget surplus allows the Government to redeem gilts. Insurers and pension funds also sold more land and property in the UK than they bought between April and June, with the CSO recording a net disinvestment of £25m.

In Brief

Water stock to be sold overseas

The Government looks to be prepared to go ahead with the sale of water company shares in Japan, continental Europe, Canada and the US. A final decision will not be taken until nearer the offer in late November, but the Government has given a strong hint about its intentions by announcing the appointment of lead managers for the overseas offers of the 10 water and sewage businesses. Daiwa will be lead manager in Japan, Credit Suisse-First Boston in Europe and Wood Gundy in Canada.

Road contract won

Balfour Beatty and Fairclough have won the £171m contract to build what has been described as Europe's costliest road, a 1,800-metre tunnel which will complete a link from the City to Docklands.

Lotus launch

Lotus, the sports car and engineering group which is part of General Motors, expects to raise car output from 1,220 last year to 5,000 a year by 1992 after introduction of a new model, the Elan, to go on sale in the UK early next year.

RTZ chief leaves

Sir Alistair Frame, 60, is to give up the executive chairmanship of the RTZ Corporation, the world's largest mining and metals group, and become non-executive chairman from January 1. He was appointed chief executive in 1978, and executive chairman in 1985.

Conran attack

Sir Terence Conran, chairman of retailers Storehouse, criticised in Enterprise, a left-of-centre magazine, the government's economic policies, in particular for keeping high interest rates, backtracking on its commitment to Europe and manipulating the economy to win votes.

Rent rise warning

Labour's housing spokesman Mr Clive Soley warned of rises of up to 173 per cent in council house rents under government policies designed to make their rents reflect property values.

Japan takes a stake in Scotch whisky

By Christopher Parkes, Consumer Industries Editor

TWO FAMILY businesses - one of Japan's biggest and a more modest Glaswegian venture - have forged an unusual alliance in the Scotch whisky industry. Suntory of Japan has taken a 35 per cent stake in Morrison Distillers, a specialist distiller of single malt whisky best known for the Bowmore brand, distilled on Islay in the Hebrides. It is believed to be the first time that Suntory has acquired a shareholding in a British company. The first signs that its traditional conservatism may be crumbling appeared last year when it sealed a distribution alliance with Allied Lyons by surrendering a 1 per cent slice of its private equity to its UK partner. News of the stake emerged

yesterday when Mr Brian Morrison, the son of one of the Scottish company's founders, announced a management buy-out of his family concern in which relatives and Mr James Howat, the co-founder, had previously held shares. Financial details of the deal, which leaves Mr Morrison and Suntory as the only shareholders, were not disclosed. Morrison, which last year made £8m profits after tax on sales of £34.5m, has three distilleries - Bowmore on Islay, Auchentoshan at Dalmeny, near Glasgow and Glengarioch in Aberdeenshire. Mr Morrison said he had invited Suntory, with which Morrison had traded for more than 20 years, to take a share in the company to retain its independence, its identity and its 180 employees.

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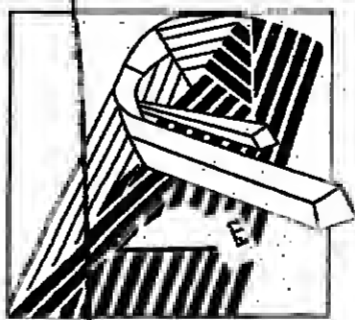
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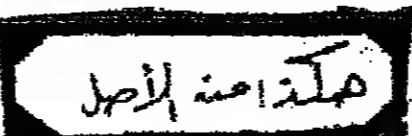
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...kes a stab at whisky

UK NEWS

Government hails drugs budget pact with doctors

By Philip Stephens and Alan Pike

THE Government claimed a breakthrough yesterday in its attempts to defuse opposition to its planned health service reforms when the British Medical Association, the doctors' professional association, dropped its campaign against proposed new drug budgets.

The agreement, which will blunt one of the most politically sensitive issues in the controversy over the reforms, came amid continuing talks between Mr Kenneth Clarke, the Health Secretary, and the Treasury for extra NHS funds.

Mr Clarke has submitted a bid for nearly £2bn in extra funds for the 1990/91 financial year beginning next April to Mr Norman Lamont, Chief Secretary to the Treasury.

He hopes to ensure that

there are enough funds to begin introducing the reforms, and to avoid the political embarrassment of hospital ward closures after this year's surge in inflation and in the level of wage awards. But Mr Lamont is trying to scale down the bid to maintain the Government's spending targets.

The Government will submit evidence to the independent pay review bodies for doctors, nurses and midwives next month. It is expected to acknowledge that they should be given increases at least in line with inflation.

The agreement on drug budgets came at what was described as a frequently heated meeting between Mr Clarke and a BMA delegation led by Dr Michael Wilson, the

chairman of its general practitioners committee.

Mr Clarke gave firm assurances that the proposals in the draft legislation to introduce firm budgets for regional health authorities and "indicative" budgets to cover prescriptions issued by individual GPs would not limit their freedom to provide any drugs needed by patients.

Dr Wilson said that the Government had conceded that the new system would be operated flexibly but Mr Clarke insisted that he had merely explained in detail the original proposals.

The BMA insisted that it would continue to campaign against other more fundamental reforms.

Enterprise wins battle to operate oilfield

By Maurice Samuelson

THREE North Sea oil companies have ended a year-long battle over who will operate the Nelson oilfield, the 15th largest in UK waters, at a cost of about £700m.

Under the agreement announced yesterday, the field's facilities will be designed and built by Shell Expro, the Shell-Esso joint venture company.

But Enterprise Oil, the independent British oil company, will become the field's operator when the oil starts flowing.

Enterprise was created from the former oil interests of the British Gas Corporation. Although it has stakes in many producing oil fields, this will be its first operation.

The Nelson field straddles two blocks. One is 22/11, licensed to Enterprise, and the other is 22/6a, licensed to Shell and Esso.

Lying six miles south-east of the Forties field, it has recoverable reserves estimated by County NatWest WoodMac, the Edinburgh stockbrokers, at 350m barrels of oil and 100bn cubic feet of gas.

The agreement, the first of its kind over a UK oilfield, ends a tug of war between Enterprise and Shell-Esso.

In the course of drilling 10 appraisal wells, each side claimed to have most of the field's reserves in its own area.

Although the debate on the reserves is far from over, both sides have reached a compromise on developing and operating it in order to ensure that first production will be achieved by 1993.

Shell Expro will now prepare its design plan and, subject to the Energy Secretary's approval, development should begin in the second half of next year.

Enterprise will fully participate in the development phase, with reciprocal arrangements for Shell and Esso during production.

County NatWest WoodMac said the agreement between Shell/Esso and Enterprise was "a logical division of labour."

At peak production, in 1995, Nelson should be yielding 125,000 barrels of crude oil a day.

Curtain lowered on Guinness case

Robert Rice on why reporting restrictions are unlikely to be lifted

DESPITE the widespread publicity given to the purpose of last week's preparatory hearing in the Guinness case, the media is prevented from reporting the result of the prosecution's application to have the trial split by blanket reporting restrictions under the new law governing the prosecution of serious fraud cases.

After some initial confusion over the precise nature of the new restrictions, Sir Patrick Mayhew, the Attorney-General, wrote to newspaper editors to remind them that despite the enormous public interest in the Guinness case, the "fair administration of justice" required that the provisions of section 11 of the Criminal Justice Act 1987, which govern reporting restrictions on preparatory hearings in fraud trials, should be scrupulously complied with.

Any publicity given to representations made by the prosecution or the defence at such a hearing, or to any observation of the judge, or to the outcome of the hearing itself, could prejudice irretrievably the eventual trial and so prevent justice being done. This was the reason for the legislation, he said.

Section 11 lays down that in

the absence of an application by one or more of the accused for an order that reporting restrictions should be lifted, nothing about or concerning the preparatory hearing can be reported other than a list of basic facts surrounding the trial, such as the names of the accused, a summary of the charges they face, and whether the accused have been granted legal aid.

Mr Justice Henry, the Guinness trial judge, had originally thought that because of the publicity that had been given to the hearing it would be possible, and only sensible, to lift reporting restrictions so that the general public could know the outcome. After hearing argument on the ambit of the restrictions from counsel acting on behalf of the Attorney-General, however, it became clear that the court was not able to allow this.

The reporting restrictions imposed by the 1987 Act follow the pattern of restrictions governing committal proceedings in magistrates' courts. Where they exist they are total. Even if a court wished to lift the curtain to a limited extent it could not do so.

Subsection 8 of section 11, which lists the basic facts sur-

rounding the trial that may be reported at the preparatory stage, does however permit the reporting of "the offence or offences or a summary of them with which the accused is or are charged."

In the court's view this meant that even if the press could not report the outcome of the application to have the trial split, it would at least be free to report any changes in the charges faced by the seven Guinness defendants. If the 65-count indictment was going to be pruned down to a manageable size, which the prosecution had indicated on more than one occasion that it was, then the press would be free to report the changes made.

But because the Guinness defendants have been arraigned on the original charges and have entered pleas in respect of them, if the prosecution were to drop any of them at this stage or indicate that they will offer no evidence in respect of certain charges, the defendants would be entitled to ask the court to enter a formal verdict of not guilty in respect of the withdrawn charges, as though they had been tried and acquitted.

It seems therefore that the prosecution proposes for the

moment to leave the original charges on the indictment so that the press cannot report any change in the nature of the offences with which the accused are charged, and on which they will eventually stand trial.

If the Guinness trial is split into two or more trials with at least one of the defendants in the dock in more than one trial, it is almost certain that an application will be made under section 4(2) of the 1981 Contempt of Court Act to postpone publication of any report of the first trial until any subsequent trials have started, or, possibly, until they have ended.

The justification for such an order would be that if the first trial was reported there would be a substantial risk of prejudice to any subsequent proceedings.

In view of the complexity of the Guinness case and the expectation that even if the trial is split the first part will last anything up to six or seven months, it seems increasingly unlikely that the media will be able to report anything more concerning the case until the end of 1990 or the early part of 1991.

Dixons reports further fall in electrical sales

By Maggie Ivery

THE GLOOM in the retail sector deepened yesterday as Mr Stanley Kalms, Dixons' chairman, told shareholders of the electrical retailer at the annual meeting that its UK market had weakened further.

Last year, Dixons' profits fell from £103.1m to £78.4m. Yesterday, Mr Kalms said that sales so far this year in the UK were "slightly below last year's level". Analysts fear that this year's profits will be lower again. Dixons' shares fell 3p to 140p.

Mr Kalms said: "As usual, the outcome for the year will depend on the important Christmas trading period, but there is no sign that our UK markets will make any significant recovery for the remainder of the current financial year."

Although the company has moved to cut costs and improve efficiency, Mr Kalms said the benefits of this programme were dependent on an upturn in Dixons' markets.

Poor trading is being seen elsewhere in the stores sector, with Sears and Next, both fashion retailers, set to report falls in half-year profits next week.

Patten poised to rule on new town's future

By Andrew Taylor, Construction Correspondent

MR Christopher Patten, recently appointed Environment Secretary, will decide in the next few weeks whether to give the go-ahead for a new country town in north-east Hampshire.

The decision is being seen by conservationists and some Conservative MPs as an important test of Mr Patten's green credentials.

Mr Patten succeeded Mr Nicholas Ridley as Environment Secretary during the recent Cabinet reshuffle. Mr Ridley, in one of his last decisions as Environment Secretary, said in July he was "minded" to approve the development of the new town, called Foxley Wood, at Bramshill, near Fleet.

Mr Patten has to decide whether to reject his predecessor's decision.

Hart district councillors, within whose boundaries the new town of 4,800 homes would be built, have strongly opposed the scheme. Yesterday, at a press conference in London, they said they would hold a protest meeting at next month's Conservative Party conference.

Mr Michael Alley, chairman

of the council's planning and infrastructure committee, said approval of Foxley Wood would mean the Secretary of State had overturned the opinion of one of his own planning inspectors, had ignored the views of local planners and had failed to concern himself with the quality of life and happiness of voters in south-east England.

Consortium Developments, a group of 10 of Britain's biggest householders proposing Foxley Wood, also held a press conference in London yesterday.

Lord Northfield, its chairman, said moves by Hampshire county council to restrict housebuilding would force local people to move out of the area.

He said just under 10 per cent of homes at Foxley Wood would be low cost, mostly rented accommodation. Preference would be given to local people buying houses.

The members of the consortium are: Barratt Developments, Beazer Homes, Bovis Homes, Ideal Homes, Laing Homes, Y.J. Lovell, Tarmac, Wilcon Homes, Wimpey Homes and McCarthy & Stone.

Labour group backs idea of proportional voting

By John Mason

PRESSURE on the opposition Labour Party to support electoral reform grew yesterday when the soft-left Labour Co-ordinating Committee, its largest internal pressure group, backed the idea and an opinion poll said the party would gain an extra 2.5-3 per cent electoral support if it embraced proportional representation.

A survey by MORI for the Electoral Reform Society showed backing for PR would increase Labour support, particularly among middle-class men living in the South East - a group of voters Labour needs to win over to gain power. Fairness and increased democracy were the main reasons given for supporting PR.

Committee members voted by more than 4-to-1 for electoral reform and narrowly in

favour of the additional member system - which would retain single-member constituencies but add a regional "top-up" of MPs to keep the composition of the House of Commons in line with voting patterns.

They rejected systems such as single transferable vote, which members felt would weaken the relationship between MPs and their constituencies.

Electoral reform is to be debated at Labour's annual conference, which opens next week in Brighton. Party leaders will oppose it, saying Labour can win a majority under the present system, but a record number of constituency motions from constituencies indicates growing support within the party for a change of policy.

Students, employers 'may have to pay tuition costs'

By David Thomas, Education Correspondent

STUDENTS and employers could be asked to pay the cost of university courses under a plan agreed yesterday by the vice chancellors of Britain's universities to fund the expansion of higher education over the next two decades.

The vice chancellors are to investigate proposals to charge the full cost of course fees to students from affluent backgrounds and set up a scholarship system to cover the course costs of students from poorer families.

Sir Edward Parkes, chairman of the Committee of Vice-Chancellors and Principals, said yesterday: "It would allow us to do a certain amount of Robin Hood in squeezing the middle classes to pay for the universities' expansion."

He was speaking at the end of the committee's three-day

private meeting in Leeds, which acknowledged that most of the additional resources to fund the Government's planned doubling of the numbers in higher education over the next two decades would have to come from the private sector.

As a first step to identifying future sources of funds, the universities intend to calculate and publicise the full cost of their courses in coming months. Courses are generally thought to cost between about £3,000 and £10,000 a year, depending on the subject.

The universities will decide whether they could charge a fee which reflects these full costs. This would be substantially above the current university fee, which is met by the Government for nearly all British-based undergraduates.



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MANAGEMENT

Joint ventures

Finnish companies unravel the Soviet labyrinth

The number of manufacturing projects is now on the increase — but they present significant management problems, as Peter Montagnon explains

Enso-Gutzeit will reach a milestone in its business relations with the Soviet Union next month when it signs a \$42.4m (29.5m) joint venture deal with Moscow's Ministry of Forest Industries that will greatly increase its output of short-fibre pulp, an essential intermediate material in paper production.

The joint venture, which has been the subject of lengthy negotiation with the Soviet side, will be easily the largest undertaken by a Finnish company since Soviet foreign investment laws were liberalised at the start of 1987. Yet, it is unique in other ways, too. The pulp mill will be located on Finnish soil and Enso-Gutzeit will retain 80 per cent control.

The deal thus highlights both Finland's fascination for Soviet joint ventures and the caution with which, nearly three years after the new regime was instituted, Finnish companies approach the prospect of actually pumping large chunks of investment capital into the Soviet Union itself.

Its common border with the Soviet Union and long tradition of Soviet trade has made Finland something of a pioneer in exploring the potential economic advantages to the West of perestroika and glasnost. The now completed renovation of Moscow's Savoy hotel by Finnish and Intourist testifies to the early Finnish involvement in joint ventures.

At the latest count, according to the Finnish-Soviet Joint Venture Partners Association, the Soviet Ministry of Finance had ratified 85 joint venture agreements with Finnish companies, a figure exceeded only by those with West Germany.

Yet, of the first 79 ventures identified by the association, as many as 50 are, like the Savoy hotel project with its quick return in foreign exchange, in the service sector. Only 29 are in manufacturing, where projects are harder to set up and carry more risks. The total equity investment involved was as little as roubles 7m.

Finnish businessmen say there are a number of reasons why they remain cautious about investing in Soviet manufacturing despite the apparent attraction of wage levels in neighbouring Estonia being one quarter of those in Finland.

These range from uncertainty about the political future, to difficulties in dealing with the labyrinthine Soviet bureaucracy, to worries about the infrastructure and availability of raw materials, and finally to the peculiarly Finnish problem of the two countries' bilateral trade arrangement.

This normally means that payments for products of a joint venture in the Soviet Union that are exported back to Finland have to pass through their joint trade clearing system and do not therefore yield hard currency which the venture can remit as profit.

"In our industry," says Gustaf Serlachius, chairman of Metsa-Serla, another forest products group, "if you make the wrong investment you are



in trouble for years." The capital-intensive nature of the paper business has made this sector one of the most reluctant to develop joint ventures.

But executives say they are also concerned about the availability of electric power, poor transport facilities and the need which may arise in remote areas for the venture itself to provide infrastructure, such as roads, housing and schools.

One of the biggest worries for many manufacturing concerns, adds Esmu Eskelinen of the Finnish-Soviet Chamber of Commerce is the availability of raw materials. "Joint ventures are located inside Soviet territory, but outside the planning system."

Alongside low wages, securing access to the Soviet Union's theoretically abundant supply of raw materials should be another strategic reason for entering a joint venture. Yet almost all the Finnish-Soviet joint ventures in manufacturing that have set out to rely on Soviet raw materials have experienced difficulty in obtaining them, and this only adds to the

financial risk involved, he says.

However, it was the plentiful availability of raw material in the form of birchwood that made the Soviet venture attractive to Enso-Gutzeit in the first place. The venture involves modernising its pulp mill at Uimaharju on the Soviet border and increasing its output to 340,000 tonnes.

It will use timber supplied by the Soviet Union under an ancillary joint venture which will allow the Soviet side to use high-yielding Finnish technology for forest clearance. As a particular incentive to keep the supplies flowing, the timber will also be paid for in hard currency. Under an arrangement which is still regarded as controversial by the Finnish Foreign Ministry, Enso-Gutzeit plans to keep the trade outside the bilateral clearing arrangement.

Given the capital-intensive nature of modern pulp and paper production, it is not surprising that Finnish forest industry executives find the prospect of cheap labour in the Soviet Union

an attraction of relatively little interest.

One of the few other ventures in this sector has been formed by Metsa-Serla. It has negotiated a \$400m venture with the Moscow Paper Ministry and the Pulp and Paper Committee of Tallinn to build a toilet paper and tissue plant in the Estonian capital. The plant will produce 40,000 tonnes annually and employ 250 people.

The company has long held an ambition to supply the Soviet market where there is a chronic shortage of toilet paper. Yet to cover its hard currency costs half the product will have to be exported to the West.

This conflict between a Western ambition to supply the Soviet market and the Soviet priority to earn foreign exchange still bedevils negotiations on joint ventures in the manufacturing sector.

One fear in the West is that it is precisely in labour-intensive industries such as textiles where the Soviet Union offers the greatest cost advan-

tage that protectionist barriers to trade with the West could come crashing down if supply of products from joint ventures in the Soviet Union grew too large.

Examples of joint ventures in the textiles sector are thus few and far between, though Matti Antikainen, whose Kati-Myynti garment manufacturing company was one of the first Finnish companies to establish a Soviet joint venture, says that trade barriers have not yet been a problem. Also in Tallinn, this venture started out as a 1,700 sq m factory producing high quality womenswear and an additional 6,000 sq m of floor space is being added this year. So far, however, 85 per cent of the output is being sold in the Soviet Union and a more testing time will come when the venture seeks to reduce this total to its target of 70 to 75 per cent.

Antikainen, who is also chairman of the Finnish-Soviet Joint Venture Partners Association, says that two years after registering this joint venture, he has learned much about how to negotiate with the Soviet Union. "We have learned to seek commitment in writing and accept much more documentation work than we are used to elsewhere," he says.

"Every small angle must be covered. This is a daunting task given the many layers of negotiations which Finnish executives say are necessary to get a joint venture off the ground. These will normally involve negotiating not only with the Soviet factory which will be the joint venture partner, but also with the Ministry responsible for it in its home Republic and with the central government ministry in Moscow. If the venture also requires construction of a new factory, a separate set of negotiations may have to be undertaken with a separate group of ministries and including the municipality where the venture is to be set up.

Notwithstanding all these problems, Finnish officials say that the experience gained in establishing joint ventures in the services sector is now slowly paving the way for growing activity in manufacturing as well, especially given the prospect of a duty-free processing zone on the Finnish-Soviet border.

"There will be a shift to the manufacturing sector within a year or two," says Erik Ulstet of the Finnish Foreign Ministry. Sectors which interest the Soviet side range from computer components to sporting goods, tableware, prefabricated housing, copper wire and furniture, he adds.

The question is how long it will take such ventures to return a profit. It is easy to make roubles, says Eskelinen, but until now the ventures have had very little success in hard currency terms. The day will come when money can be made, he adds, but it will be as long as it takes to make the rouble convertible — and that means sometime early in the next century.

Weighing up the asset options

By Charles Leadbeater

Faced with an intensification of international competition since the 1970s companies in general seem to have two options.

One might be called asset management — shifting a company's capital away from high cost/low profit activities into those which are more profitable. The second involves increasing the value added produced by a smaller workforce, often operating with new technology and production systems.

The two strategies give rise to very different sorts of company. The first sort of asset management company can be extremely mobile, moving from sector to sector, country to country. It seems primarily financially driven. The second is more stable, reliant upon employee commitment, training and skills. It seems driven by a need to improve its cost and quality base.

The meeting point for these two theoretical extremes is the so called flexible firm, which combines both approaches.

The flexible firm has been defined in a variety of ways, most commonly according to whether it has a workforce divided into a core of skilled full-timers and a periphery of staff who are usually less skilled. While the core has employment security, the periphery's employment is contingent — it depends upon the ebb and flow of demand.

Academic debate has raged over how common this sort of flexible firm is, whether a clear line can be drawn between the core and the periphery, and whether companies have a well developed strategy to create peripheral part-time workforces. Yet the underlying logic for companies to evolve in this direction is strong, according to a book published recently.

Professor Keith Sisson of Warwick University's industrial relations research unit, in his introduction to Personnel Management in Britain, says the flexible company approach reconciles the two apparently divergent responses to international competition.

Increased sub-contracting and use of part-time and temporary workers allows companies to minimise costs and shift their assets internally to concentrate them on their core

activities. But creation of a core workforce also allows rewards of the "value added" approach to be reaped by raising the motivation, skills, and commitment of skilled full-time workers.

This combination of approaches can set management some troubling problems. An increase in subcontracting means that instead of orders for parts or services being placed with an in-house supplier, companies have to go out to contractors in the market. So internal management structures of authority, command, and discipline are replaced by the market's discipline of price, competition and contract specification.

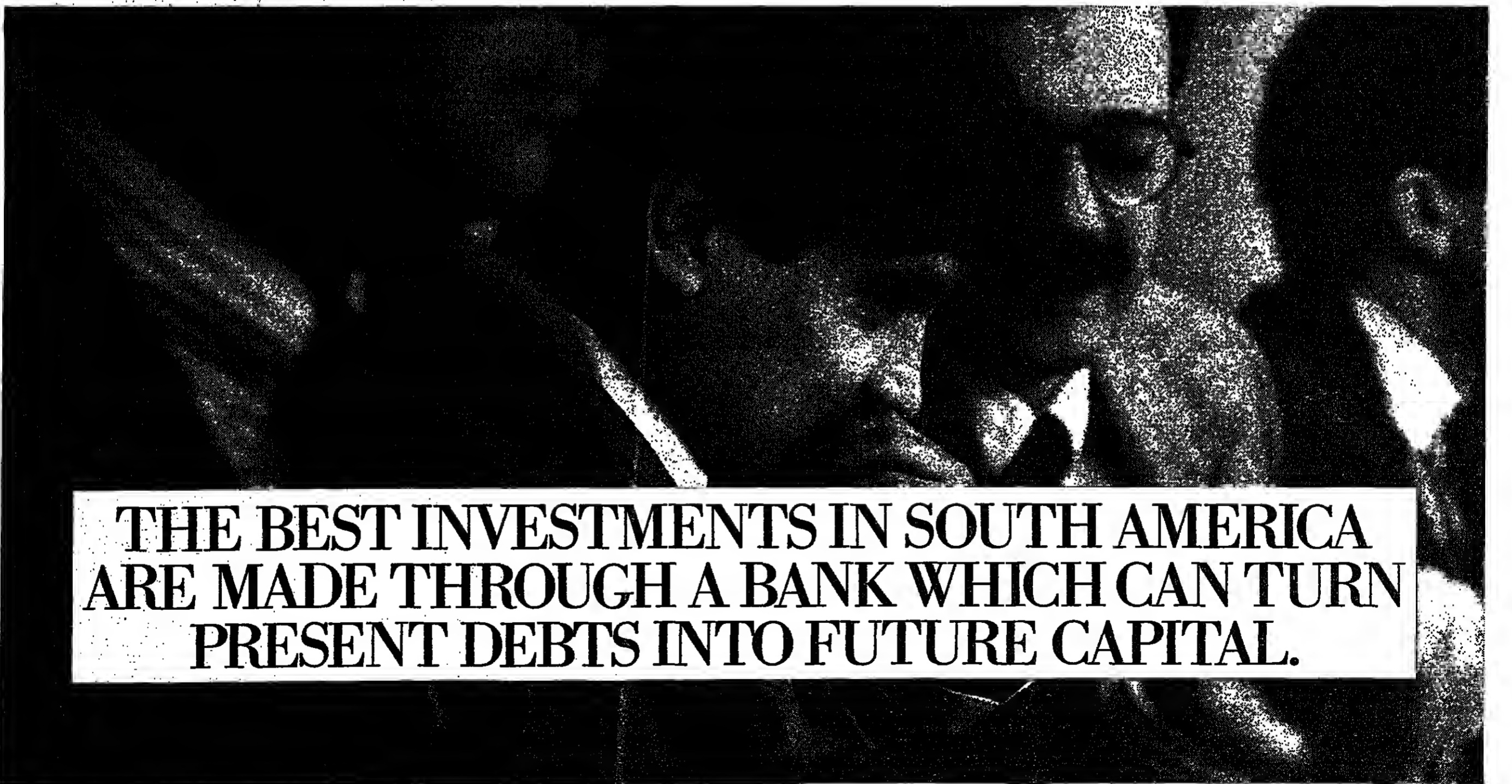
But the value-added approach promotes a very different sort of management culture. With the decline in the number of young people fueling skill shortages, the retention and motivation of skilled staff will become more important. The sort of effort employers will be expecting from skilled workers will also be different. There will be more stress on quality, innovation and flexibility than quantity.

In response many leading companies are refashioning traditional relatively hierarchical command structures, with the introduction of quality circles, team briefings, and employee involvement. In the next decade this is likely to move on to the introduction of autonomous work teams, largely working without direct supervision.

This implies a considerable weakening and dispersal of traditional authority. As Professor Sisson says: "This package of changes requires more than compliance from employees; it requires their co-operation and commitment."

So both pressures will lead to enormous changes in management style and culture. On the one hand "asset management" requires a management which is much more effective at external relations in the marketplace. On the other hand the value-added style creates a need for a much more sophisticated approach to internal employee relations.

*Personnel Management in Britain, ed Professor Keith Sisson, published by Basil Blackwell, £15.



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ARTS



THEATRE

London

The Merchant of Venice (Phoenix). Dustin Hoffman's Shylock a sympathetic, empathetic...

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five...

latest is an intimate chamber opera derived from David Garrick's 1763 novella. Musically interesting and well directed...

Gypsy. Renowned Simon's latest comedy is a self-conscious farce, with numerous slamming doors...

The surprise Tony winner for 1988 is a meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy...

EXHIBITIONS

London

The Hayward Gallery. Andy Warhol - two years after his death, a comprehensive retrospective of the career of this seminal...

Brussels

Palais des Beaux-Arts. The Human Figure: Judgments of Japanese art - an overview of Japanese art from 800-BC to the 19th...

Palazzo Te. Truttare di Palazzo Te, Reggia Gonzaghesca. A vast exhibition devoted to German...

MUSIC

Paris

Orchestre National de France conducted by Jeffrey Tate. Margaret Marshall, soprano; Richard Strauss (Wed). Theatre des Champs Elysees (47206377).

Elsedti. Mozart, Elsedti, Stravinsky, Janacek, Musikverein. (Sat). Orpheus Chamber Orchestra. Solists: Alfred Brendel, Beethoven, Mozart, Copland, Prokofiev...

German Radio Orchestra will perform Krzysztof Penderecki's Polish Requiem, under the composer. Other highlights include a concert version of Andrej Chocner...

Weikl and Reiner Goldberg. To Oct 2. Tickets: Konzertkasse Tel: 0232/775785.

Soprano Pamela Coburn (Fri, Sat at Teatro Rossini).

Manchester

The Whitworth Gallery. The Royal Academy. Georgian and the School of Port Aven - a fascinating study of the prints made in the 1880s and 1890s...

Bonn

Beethovenhalle Bonn. 50 portraits of Beethoven by the artist can be seen in the Bonn Beethovenfest, an Andy Warhol exhibition...

Forté di Belvedere. African Art: The Roots of Modern Art. One hundred in wood, produced by 60 different tribes spread through central, western and southern Africa...

Versailles

Centre de Musique Baroque evokes 1786, the crucial year, by music in Versailles from October 1 till November 26.

Frankfurter Feste 1989. This year's Frankfurt Festival with the title of A Common Brotherhood is based on two historic events: the French Revolution in 1789 and the start of the Second World War II 50 years ago.

Beethovenfest will be the highlight of Bonn's 2,000th anniversary celebrations, with around 30 concerts. Among the orchestras appearing are: Berlin Philharmonic under Lorin Maazel, Royal Concertgebouw Orchestra Amsterdam, conducted by Riccardo Chailly...

Berlin Festival until Oct 2 will be a feast of East meets West. A Maurizio Pollini piano recital with works by Brahms, Schoenberg and Beethoven (Sat). Chamber Orchestra of Europe and soloist Gidon Kremer, Yuri Ashkenazy (piano), conducted by Gard Albrecht plays Arribert Reimann, Brahms and Janacek. Philharmonie, Ludwigshafen Schloss, Theater im Forum: 28th anniversary concert of the Monteverdi Choir London and the English Baroque Soloists, conducted by John Eliot Gardiner in Mozart and Beethoven (Wed).

Chicago Symphony Orchestra conducted by music director-designate Rahel Perlman (violin). Brahms programme. (Tue, Thur). Orchestra Hall (435 6666).

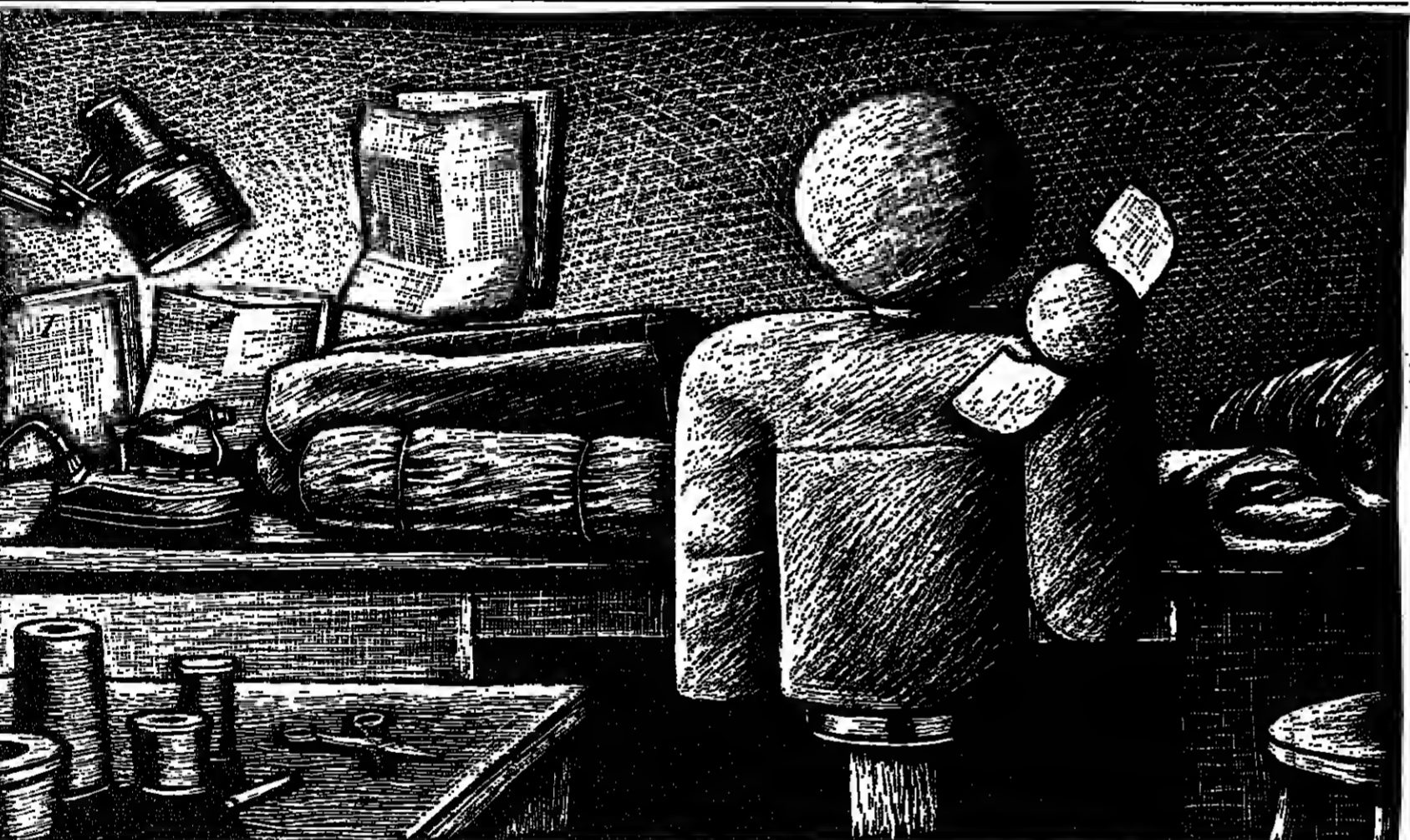
Paris

Musee des Arts Decoratifs. Je Last 100 Years - a celebration of the centenary of Manchester University's great gallery through four small displays taken from its study collections: Drawn to Paper - a selection of British drawings and watercolours 1900-1925; A Century of British Printmaking; The Magic with 150 drawings and aquatintes (1890-1915) most of the German expressionist painter's works...

Vienna

Secession. The highlight of the next few weeks will be the 100th anniversary of the birth of Ludwig Wittgenstein, the philosopher, architect and craftsman who until recently had not been recognised by his countrymen. Ends October 29 and not to be missed. The Technisches Museum. Although not the most elegant of Viennese museums, has put together an exhibition exploring the relationship between art and industry and how industry has tapped the imagination of the artist. Ends October 26 1989.

Art Institute. Fixing the Shadow shadows the history of photography at its 150th anniversary. Of the millions of possible contributions the exhibit focuses on 400 pieces by 200 photographers organized chronologically. Ends November 16.



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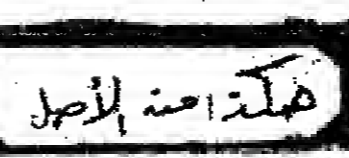
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ARTS

Die Walküre

COVENT GARDEN

The new Covent Garden Ring has got off to a magnificent start. The outstanding quality of Wednesday's Walküre (sponsored by Grand Metropolitan) were the traditional, not to say old-fashioned, over-the-top dramatic conducting by Bernard Haitink, at once lean in texture and rich in emotional impact, highly individual in his Wagnerian "sound-world" and conceived in grandly sustained long spans...

three-year rebuilding programme, a wholly homegrown new Ring will be one of the most eagerly awaited undertakings. Unlike the Friedrich cycle of the 1970s, with its brilliant feats of stage engineering and its allocation of a distinct visual identity to each opera, the Berlin-originated cycle keeps spectacle to a minimum and presents the entire tetralogy on a single set. This is the already-celebrated (or notorious, according to taste) Time Tunnel, designed by Peter Sylvester...



James Morris as Wotan

enacted with wonderful naturalness.) In spite of the unpoetic surroundings and the often hideously unflattering costumes, these are "real people" one cares passionately about them, and about their fate. Morris, who in last April's super-naturalistic New York Met Ring was a wooden singer with a marvellous voice, is transformed, as Wotan with an inner life, the Farewell, deeply felt, sustained in a heart-breaking, gloriously intense piano legato, and supported by Haitink and the orchestra with awesome hushed intensity...

ual notes in familiar fashion, but neither has given a more touching or rounded portrayal on this stage. The new Sieglinda, Gabriela Schnaut, possesses a strong, unalluring soprano tempered by passionate conviction; Helga Dernesch (Fricka) is perhaps the most completely poised artist on stage, making each syllable resonate with mature authority. Intelligent artists singing in their native language - Kollo, Schnaut, Dernesch - afford Wagner a vividness that is strictly incomparable. John Tomlinson, Bayreuth's Wotan, is here a keen, powerful Humding; the Valkyries are better as a team than singly. The last word must be with Haitink. He recorded this opera (for EMI) with a less good orchestra (the Bavar-

ian Radio) before performing it in the theatre; the experience has proved invaluable for whereas the records are no more than competent, solid routines, the Covent Garden Walküre is alive across the whole span of the drama, forward-moving and at the same time splendidly spacious in its architectural control. On another night the passing woodwind imperfections may be eradicated, the love music of Act 1 even more expansively shaped; it is hard to imagine Wednesday's final 30 minutes easily surpassed, or even matched. With this conductor in the pit the latest Royal Opera Ring is full of highest promise.

Max Loppert

Mary and Lizzie

THE PIT, BARBICAN CENTRE

Ghosts and spectral images, spiked with non-sectarian regret, haunt the work of Frank McGuinness, as they do the soldiers at the Battle of the Somme, a remembered bagdady by the Liffey, the dead youths of Bloody Sunday, the models of Caravaggio or the trolls of Peer Gynt. You enter The Pit to find an improvised floor-level altar to the Virgin Mary stuck in front of a stage surface of interlocking coffin lids. Designer Ulitz Busch adds swags for primitive Irish harpies, the opening chorus, and draped polystyrene busts, it turns out, of Marx and Engels. As a translator of Ibsen, and an imaginative equivocator on Irish materialism, McGuinness has no more than competent, solid routine, the Covent Garden Walküre is alive across the whole span of the drama, forward-moving and at the same time splendidly spacious in its architectural control...

Othello

THEATRE CLWYD, MOLD

The play is done on an empty stage, of polished tiles, backed by a semicircular curtain. A row of modest lights runs round the curtain-top (lower for interiors than for outdoor scenes), and a weak spot, mounted 10 feet above the stage, illuminates the actors. The production is not just straightforward, only once more than ornamentally, when it flashes to light at the lightning in the storm that sink the Turkish ships. As at Vienna's Burgtheater, there is no lighting from forward of the stage. The design is by Simon Higlett. The costumes are anything from late Victorian to 19th-century Cyprus almost all the men wear dark blue brass-buttoned uniforms. Othello, handsomely played by black Haakeem Kae-Kazim, more Bantu in feature than Moroccan, is the exception. He wears Western dress, but over it, long white robes to suggest an Arab. He is clearly admired by all the Venetians, even by Iago, longing for similar status. The voice quality sometimes reminded me of Paul Robeson. Oliver Parker hits Iago precisely as a competent, ambitious warrant-officer, but he might do something with his voice to emphasise his social inferiority to Maria Culwick's Cassio, an intimate of the high-ups, for these both look much alike from Row K. The subtleties and the powers of the plot are made very clear. There are never more than the needed minimum of characters on stage, and a needed minimum of furniture (a point I shall come back to in a moment). Personalities are clearly blazoned in a minute; Iago is so clearly a crook that it's a

marvel. Rodrigo (Cameron Blakely) doesn't notice it from the moment Iago cons him outside Brabantio's house. Othello, summoned from tugging his white ram, is almost dictatorial, and the Venetians accept him as their equal or more at once. Like his ancient, he likes to make his good speeches down centre. Anna Patrick's Desdemona is self-possessed as Othello at her first appearance. She is no mere innocent, but a maturely confident young woman, and this makes her subsequent foolishnesses the more touching. But director Toby Robertson has misjudged the scenes of her death. She has asked for her wedding sheets on her bed, and Emilia (nicely played by Elena Ferrari) confirms that she has put them on. But on what? Othello murders Desdemona in an armchair, and not without a struggle. The scenes afterwards, with Montano, Gratiano and the rest, look like a staff conference, though the director still has a surprise in store. Othello slays her by stabbing the turbaned Turk; he pulls a little dagger from the ornament he wears in his hair - not too little to pierce his own heart. The production is going rather slowly at the moment. It runs three and a half hours, without many cuts in the text. The fault, it seemed to me, was too much emphasis on the "Macready" nature of the text, too many and too long. I am sure it will get better after a few days' playing. It runs until October 21.

B.A. Young

Gulliver's Travels

CROYDON WAREHOUSE

The Lords of Misrule are a company formed only two years ago by a group of Oxford graduates. Among their aims is the intention to revitalise ideas and language in the theatre, not forgetting "the power and beauty of our English language" - in which they have the advantage over quite a few critics, in writing, play, writing, and the Royal Shakespeare Company, all categories often unable to remember just why the English-speaking theatre has lasted for four centuries. This two-man adaptation of Gulliver's Travels comes into the ideas department, Alan Leigh, one of the performers, has adapted Swift's satire with a due, if unusual, emphasis on the hilarious misanthropy. At least one young couple sitting in front of me seemed dismayed and surprised at various developments and - er - outcomes (this version shirks nothing in charting bodily needs), a reminder of how truncated, expurgated and distorted this particular classic has been over the years in its improbable metamorphosis into a children's story. David Ford is the robust Gulliver, strong-voiced and energetic; the adapter plays all the other roles with the aid of a ghetto blaster for music (Colin Good's harshly jangling baroque) and sound effects (the gab that accompanies Lemuel's first pressing, physical function in Lilliput), wigs, the occasional glove puppet, chalk and tape to mark out

ship and tiring room on stage. The inhabitants of Brobdingnag (not Broddingnag as the publisher had it, so the author sharply reminds us) are distinguished by red noses. Differences in size are expressed by each actor standing in his own pool of light looking up or down as his character's dimensions demand. An imperishable Struldbrug winds himself in a white shroud printed with dates that take us well into the future and batters off, muttering, disgruntled under the weight of immortality. The show won a Fringe First in Edinburgh in 1988 and has toured extensively. The effect is cumulative. By the time we reach the Houyhnhnms - Mr Leigh on lifts and walking sticks, chicken-wire horse's head, grey skin slung over him - the message is clear and strong. Equine nobility and human squalor come over movingly; the language, whinnied out by the actors, is absolutely convincing. The contrast between the sagacious quadruped puzzling over such alien concepts as money, law, war, government and religion, and the narrator, returned home to a now repulsive family in a world peopled by lawyers, soldiers, bawds, flatterers, politicians and the rest, is powerful. The uncompromisingly bleak final mood has a dignified disdain to it that sets a Swiftian seal on the whole proceedings.

Martin Hoyle

A Slice Of Saturday Night

ARTS THEATRE

As regularly as Saturday night, though thankfully not quite as often, the nostalgia musical arrives in town on the back of some more-or-less runaway bandwagon. The more honest of them - and this is one - admit to attempting little more than to raise a few goosebumps and let down a few yards of hair. The trip this time is 1964, a year when as the programme note helpfully reminds us in another convention of the genre, Krushchev was deposed, British RPI's voted to end the death penalty, and Nelson Mandela was sent down for life. And what were England's teenyboppers doing to mark the occasion? They were down at the Club a Go-Go dreaming

of Twiggy and ogling the boy next door. The cult following accrued by this rolling stone since it made its way from Brighton via Islington's King's Head to lodge itself in the heart of the West End was made clear by a swarm of paparazzi the like of which has not been seen since Jeffrey Archer's last blast, and a swarm of faces which looked as if they were once pinned up on one's bedroom wall. There is something entirely endearing about watching a show about teenage fantasy and reality performed by a cast of virtual unknowns when one is sitting next to Gary Glitter, aware that the voice in the background is Roger Daltrey's. If the Saturday Nighters' hearts missed a beat or two,

they showed no signs of it in a musical that ran the gamut of adolescent emotions from A to B. The Heather Brothers, whose work this is, are generous with their energy, providing a good couple of dozen numbers, original in the routine arrangement of words and chords though wickily and deliberately derivative in everything else. The mood of Marc Urquhart's sharply tailored production is parody that lingers on the soft side of out-and-out style assassination. There is cruelty in David Easter's portrait of randy and incontinent youth, just as there is in the absurd incongruity of Lisa Hollander's Mary Quant eyes and Mary Poppins morals. But there is also affec-

tion for the innocence of an age in which an impossibly young Monkey look-alike (James Powell) can find tremulous levity in his last dance with a skinny waif (Mitch Johnson), and in which the dopey sexual advances of the local buffoon (Roy Smiles) are followed by the gruffly paternal club owner, Eric, nine-time winner of rock-till-you-drop contests. It is with Binky Baker's Eric that the show pulls its trump card, firstly in creating a character who brings the oldest swinger back into vogue; secondly, in finding a performer willing and able (pace the lads) to keep it up. All else is of little consequence.

Claire Armitstead

English Chamber Orchestra

BARBICAN HALL

The English Chamber Orchestra made a worthy but unexciting start last night to this season's series of concerts at the Barbican. A return to the hall after the summer holiday (for the ECO, at least) reaffirms that a chamber orchestra sounds better than its full-sized counterpart, while raising again all the old doubts about the acoustic: any instrument near the back really does sound an awfully long way off. The programme featured Colin Davis in two of his favourite composers, Mozart and Stravinsky. One always expects this combination of music and musician to yield dividends and so it did on this occasion, especially in the unforced expression that Davis is able to tease out of slow movements. But it has to be said that the rest of his conducting in earlier years has given way now to a manner deeper and more introspective. The performance of Apollon Musagete that opened the concert was affectionately shaped, but while edging towards that might have given it extra lift. The gestures that Davis favours most often are a hand sweeping broadly along, to signify bows drawn long across the string, and elbows weighing down for depth of sound. The music responded inevitably with a feeling of emphasis and seriousness, as it was to do later in Mozart's "Jupiter" Symphony. In between came the same composer's Piano Concerto No 22 in E flat, K422, with Elisabeth Leonskaya as the soloist. This, too, was a sober performance, the limpid tone of the pianist matched by subtle expressive shading in the orchestra that reached real eloquence in the Andante. But when it was time to throw inhibitions aside and let the finale run joyously away, the performers tied it down - too little energy, too much thoughtful interpretation. Leonskaya and Britten's cadenzas, no doubt inherited from her sometime duet partner, Sviatoslav Richter. Even when one is expecting them, these come as a bit of a shock, though Leonskaya imaginatively made much of the most costly work to show off expertise in two styles in the course of one concert.

Richard Fairman

SALEROOM

Christie's to sell Picasso

An astrolabe made in 1462 by Regiomontanus, the greatest astronomer of his time, sold for £209,000 at Christie's South Kensington yesterday, on target. It carries the names of 30 stars with their pointers and what is traditionally said to be a portrait of Regiomontanus as an angel on the reverse. Another important astrolabe, made in Augsburg in 1576 by Christoph Schissler the Elder sold to Simon Bull for £187,000, three times the estimate. He was regarded as the best scientific instrument maker of his time. The record prices paid for paintings by Picasso last season has persuaded numerous owners to sell off their treasures. The top price in New York this autumn is likely to be paid for "Au lapin agile," one of his circus studies which might make over \$500 at Sotheby's in November, while yesterday Christie's announced it was disposing of another Picasso, a very early "La Maternité" of 1901, which should exceed \$10m, making it the most costly work to be disposed of in London this season. In Christie's sale of 19th century works of art, yesterday, "La juive d'Alger," a huge parcel gilt and enamelled lust with amethyst eyes and onyx drapery, produced by Cordier in Paris in 1863, sold for £187,000.

Antony Thorncroft

New name for SWRB

Sadler's Wells Royal Ballet is no more. The name was always a confusing mouthful and so there will be few tears of its disappearance. Henceforth the company will be known as the Birmingham Royal Ballet in recognition of the fact that Birmingham City Council is providing it with a new home at the Hippodrome Theatre, at a cost of £4m, complete with rehearsal studios, office space, health studios, etc, plus a nice subsidy of £1m over three years. The company moves into its

A.T.

Advertisement for Bösendorfer Pianos. Features the text 'Bösendorfer Pianos' and 'Various makes tuning & repair practising studios'. Includes a small image of a piano and contact information for London and New York.

ARTS GUIDE section listing opera and ballet performances. Includes entries for London (Royal Opera, Covent Garden) and Paris (Théâtre de la Ville, Opéra de Paris).

September 29 to October 5 section listing various theatrical and musical events. Includes entries for Vienna (Staatoper, Opernhaus), Cologne (Opernhaus), Frankfurt (Opernhaus), Rome (Teatro Olimpico), Milan (Teatro Nazionale), and New York (Metropolitan Opera).

Advertisement for Christie's art sale. Features the text 'Christie's to sell Picasso' and 'New name for SWRB'. Includes details about the sale of a 1462 astrolabe and the renaming of the Birmingham Royal Ballet.

FINANCIAL TIMES

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The Polish package

SOMETIMES AN onlooker has to pinch himself to make sure he is still awake. Here, in the midst of this year's rather boring annual meetings of the IMF and the World Bank, is Poland's new Finance Minister, Mr Leszek Balcowski, proposing to transform one of eastern Europe's shakiest command economies into a market economy - and in short order, too.

Western leaders will ask whether the reform programme being advanced by the new Polish Government is workable. The question is important, but it cannot be answered, for the simple reason that what the Poles are proposing to do - the comprehensive liberalisation of a collapsing, centrally planned economy - has never been attempted. The West's leaders will have to take a gamble. In so doing they should remind themselves of the size of the potential gain and stop looking so anxiously at their wallets.

Success cannot be guaranteed, but the ideas advanced by the minister, though sketchy, are encouraging. The Government seems to be aware that it will only succeed if there is swift implementation of the triad of stabilisation, liberalisation and privatisation.

In all these areas the new Government's plans are on broadly the right lines. It is on the details that western assistance is needed. In offering assistance, the West should recognise three broad principles: first, it should not be given in forms that are likely to make the problems of the Polish economy worse - food aid being an obvious example; secondly, all assistance should support the reforms, but without significantly reducing the pressure to implement them; and, last but not least, the limit should be set by what can be properly used, not by what can supposedly be afforded. This is no time to be penny wise and pound foolish.

Debt-equity swaps

The IMF's role in providing technical advice to the programme of macroeconomic stabilisation is, as the Polish Government itself recognises, important. But the idea of leading Poland with yet more debt in the form of large stand-by credits is quite unattractive. Grants from western governments seem far more appropriate. Meanwhile, the International Finance Corporation could help with privatisation. In this specific context, debt-equity swaps would seem highly appropriate, given the Polish need for foreign capital and entrepreneurship and the importance of reducing the external debt at the same time.

The most valuable form of assistance from foreign governments would be debt relief. One possible approach would be the elimination of payments of principal and interest on official debt, on a rolling, two-year basis. Meanwhile, the least the European Community can offer is unrestricted market access to Polish exports.

While the West must be prepared to do everything it can, the Polish Government should remember that these reforms are being undertaken for the sake of its own people, that they cannot succeed without comprehensive domestic changes and that nothing can be done from outside which will make up for a failure to act decisively at home. Foreign assistance, though vital, is at best a helping hand; it should never be viewed as a crutch.

Ending subsidies

With inflation for 1989 likely to be well over 200 per cent and still rising, nothing is more important than elimination of the fiscal deficit and so the planned withdrawal of subsidies to food and loss-making industries. In dealing with inflation, however, backward indexation of wages is a trap, because it would greatly slow the disinflation. Far better to act swiftly, with as little wage indexation as possible, and deal with the consequences through the planned reform of social insurance.

The debate over whether firms should be privatised or given independence under public ownership, instead, is unhelpful, since independence is most unlikely to be achieved without privatisation. Fortunately, trade liberalisation is a necessary condition for a rational price reform, would minimise the danger of exploitation of any private monopolies that may emerge (provided the natural monopolies remain

US goals in the Uruguay Round

NO ONE contemplating a wager on the outcome of the Uruguay Round of multilateral trade negotiations can now afford to ignore the part of the talks related to protecting intellectual property rights. Hitherto overshadowed by the debate on farm reform, intellectual property has emerged as a make-or-break issue for the round as a whole.

To satisfy them the Bush Administration will have to come up with an agreement that sets firm international standards of protection for patents and copyrights with an equally firm commitment to enforcement and an effective dispute settlement mechanism so that wrong-doing can be speedily redressed.

Seen as a ruse

This is a tall order, given the slow progress in the talks on intellectual property so far. Developing countries such as Brazil and India ignore the advantages that might accrue from tougher standards in terms of increased foreign investment. They regard the whole process as a ruse designed to reinforce the neocolonial dominance of multinational corporations and to prevent the developing countries gaining access to technology which they need to promote their own development. At the very least new rules would force them to start paying for access to industrial processes that they have been used to obtaining for nothing.

Washington lobbies

As they start to look towards the end of the Uruguay Round, trade negotiators acknowledge that success will require more than just agreement in the General Agreement on Tariffs and Trade itself. The resulting package of trade liberalisation measures must also be sold to the US Congress without wobble. This process will unleash a new wave of activity by the various Washington lobby groups. Experienced hands say that the group concerned with intellectual property has the muscle to persuade Congress to block any unsatisfactory result.

The lobby links companies from a wide variety of industrial and services sectors as well as geographical locations. All of them can perceive a direct benefit to their business from better protection of their intellectual property. They also couch their arguments in a disarmingly populist way calculated to fire congressional imagination. Rampant international abuse of intellectual property rights, they say, is straightforward theft of US property.

David Lascelles assesses the task ahead at the UK's second-biggest bank

In normal times, the installation of a new chairman at one of the UK's top clearing banks would be the occasion for a bit of pomp and circumstance.

But these are not normal times at the National Westminster Bank, and the arrival of Lord Alexander next Monday will rub home that fact. This towering barrister was not due to take over until next January, but carefully laid succession plans had to be scrapped when his predecessor, Lord Boardman, became a casualty of the Blue Arrow affair last July. Lord Boardman retired early after accepting the consistency of the official inquiry into the share-rigging scandal that "a highly unsatisfactory state of affairs" existed at NatWest and County, its investment banking arm.

Thus, Lord Alexander's installation is a reminder of just how severely that affair shook the bank, though by the same token it gives NatWest the opportunity to claim that Blue Arrow belongs to the past. This is certainly the message that Lord Alexander will be trying to get across. In his introductory tour of the bank and its branches he has found, he says, "a remarkable display of determination to recover from that setback" - though Blue Arrow is only one of many challenges that will be facing him.

Lord Alexander arrives as a virtual outsider to NatWest's headquarters. As one of the country's best-known QC's (noted particularly for winning Mr Jeffrey Archer's libel case against the Star in 1987), he has no direct experience of either banking or corporate governance. He readily admits his low state of knowledge in matters of high finance, let alone the technicalities of Third World debt or even credit cards. His experience of the City is wider: he has just completed a two-year spell as chairman of the Takeover Panel.

It is for the wealth of his connections, his persuasive manner and a mind brimming with common sense that he was sought out, and not for his ability to man the bridge of the banking equivalent of a supertanker. In some ways this is a strength. NatWest remains one of the dwindling big banks which still seek its chairman outside. Lord Boardman was a politician, and his predecessor, Robin Leigh-Pemberton was a barrister. They performed the ambassadorial role while NatWest's tight-knit management team - all of them clearing bankers to the tips of their toes - got on with running the bank. "The bank was looking for an outside perspective," says Lord Alexander of his appointment.

But this may also be one of the weaknesses of the NatWest structure which was exposed by Blue Arrow. Neither Lord Boardman nor the bank's management were on top of events at their turbulent County off-



An outsider takes over at NatWest

management and much better systems of control," says Lord Alexander. "Both are now well under way."

As for NatWest's decision to keep County going at all after the crisis, Lord Alexander says: "It must make sense to continue to offer a full service to our corporate clients." Though he shrinks from using the word "synergy," he argues that a clearing bank can lend strength to a merchant bank, and the other way round. And though County itself has lost business in the storm of bad publicity, he says that the clearing bank branches are not noticing any damage from the Blue Arrow fall-out. Banking customers were sophisticated enough, without being told, to realise that this did not affect the security of their bank.

Nevertheless, NatWest has now fallen some way behind its competitors in the intensely competitive investment banking market, and its own executives admit that a long haul lies ahead. Whether the benefits that County brings to the group outweigh the stresses and losses it has caused is still doubtful, and Lord Alexander may have to decide that NatWest is better out of the business, rather than just in the second rank.

While restoring group morale will be at the top of his immediate agenda, NatWest's new chairman will also have to focus on the longer term prospects for the UK's second largest clearing bank at a time when fresh competitive challenges loom.

The very fact that NatWest is now second rather than first in the UK banking league indicates the quickening pace at the top of the industry. NatWest lost the number one position last year to a reinvigorated management at Barclays. While NatWest could console itself with the thought

that size is not everything, Barclays' notable success with EZW suggested that there were qualitative differences. In management as well. Lord Alexander says he took soundings when offered the post about the quality of the people who run NatWest. He was assured that the bank had "management in depth" - a view which outsiders generally hold too, at least in traditional banking. Since getting to know them he has formed the opinion that NatWest has "an outstanding chief executive" in Mr Tom Frost, a banker known for his stress on marketing acquired from a five-year spell running the US subsidiary. Certainly Lord Alexander sees the bank's strategic priority lying in its traditional retail markets, which is where NatWest has always been strongest, rather than in new departments. With over 3,000 branches, it has the largest network of any commercial bank in Europe. Recently, this business has been enormously profitable thanks to the strength of demand for loans in the UK.

The rise in interest rates has put a damper on that business. But the question facing all the clearing banks - NatWest particularly because of its dominant presence in the high street - is whether growing competition from building societies and others have pushed high margins permanently into the past and forced banks to earn their living the hard way.

Lord Alexander adopts the conventional line that banking competition has never been tougher. He says it comes from greater awareness of price and choice among consumers. "But I'd like to think that their needs can be met by us," he says, referring not just to normal banking services, but others like mortgages and investments where he thinks banks can

gain new territory. On the corporate banking side, he was particularly encouraged to find that the traditional view of a bank manager as a man who sits at his desk and waits for people to come to him is changing. "Now, corporate banking officers are getting out and seeking customers. They're thoroughly enjoying getting out and advising their clients."

NatWest is the dominant bank in the UK small business market, with a 30 per cent market share and a loan portfolio of £7bn. Aside from the commercial satisfaction this gives him, Lord Alexander approves because of the wider role he thinks banks should play in community affairs.

Stacked against these gains is the huge increase in costs which NatWest has suffered in recent years. Three years ago, NatWest's ratio of costs to income was the lowest among the big four clearers at 63 per cent. In the first half of this year, the ratio stood at 65.7 per cent, pushing NatWest into third place. But the ratio is heading down again, and Mr Frost has launched a campaign to save £200m of costs over the next 2-3 years.

That may not be easy. Lord Alexander says he was appalled by the amount of paperwork he discovered in the cheque clearing process. He thinks NatWest will have to invest heavily in technology to get rid of it. And despite the depth of management he claims to have found at the bank, it is working at full stretch and will have to be supplemented by more talent from outside.

While protecting its home market, NatWest also needs to find new avenues for growth. Some of these may come in Europe. Lord Alexander thinks NatWest has a lot more to

learn there than in the more distant US market where it has been in the retail banking business for more than 10 years, and, uniquely among the clearers, making a success of it. Aside from its medium-sized bank in Spain, NatWest has only a sprinkling of branches on the Continent, and it has taken a cautious approach to 1982. But Lord Alexander says NatWest "must be at the leading edge."

As competitive pressures build up, Lord Alexander will face a mounting conflict between the need to preserve profit levels and banker's prudence. Earning, as it does, over £1.5bn a year, NatWest needs to find £150m of new profits each year just to keep growing at 10 per cent - a tough assignment at a time when banks are also being told by the Bank of England to carry more capital.

Lord Alexander sees his role partly as a sheet anchor to prevent the bank chasing after the fashions which so often lead to trouble. Like property lending, or Third World debt, NatWest managers will therefore find their bright ideas undergoing the searching scrutiny of his hooded gaze.

He confesses to mounting anxiety about the quality of some lending, particularly of the highly leveraged kind which has caught on in the US and is now spreading to the UK.

As chairman of the Takeover Panel, he has been reluctant to comment publicly on the financing of bids. But, in his new role, he is likely to become more outspoken. "I'm glad that there is an increased concern about this in the US and that the concern is spreading here," he says. He recalls reading an academic study which concluded that a recession in the US on the scale of that in 1973 would cause 25 per cent of US companies to go bust. "Not that NatWest is a big player in the leveraged finance market. But he will be urging prudence. "We will offer loans to buy a car but not for a good Chinese meal."

Would this prudent approach include writing-off 100 per cent of NatWest's £2.8bn of Third World loans, as J.P. Morgan of New York has done? "I'm relatively unexposed to shabby countries; it has already provided for 48 per cent of its lending and could afford to get rid of it completely if it wanted to. Traditionally, though, such drastic action would be thought disloyal to other clearing banks which were less strongly placed. But Lord Alexander is impatient of such views. "There is no magic in the clearers sticking together," he says, though in some ways which makes it hard to judge whether he would push NatWest that far out of line.

So far as the shareholders are concerned, he says they must realise that NatWest has to compete against banks like the Japanese, which are allowed to gear their capital up much more highly and are willing to accept

He will face a mounting conflict between the need to preserve profit levels and a duty to stay the right side of prudence

lower profits in the process. NatWest, he points out, is number five in the world in terms of bank profits, but 15th in asset size because the Japanese have bigger balance sheets.

But such excuses will cut little ice in the UK where NatWest is powerfully placed and should have sufficient strength to hold its place - and shrug off the effects of Blue Arrow. Lord Alexander's challenge will be to see that NatWest does more than that, and reasserts the leading position it, so recently held.

He will also have to focus on the longer term prospects at a time when fresh competitive challenges loom

shoot, and their lack of sophistication in investment banking matters proved fatal.

Lord Alexander will not be bringing any special expertise in this area either. But the NatWest solution to the County problem has not been to import more of the investment banking culture into group headquarters - as Barclays has done with Barclays de Zoete Wedd - but to tighten the leash on County by, among other things, putting more group directors on its board. "County needed stronger

OBSERVER

Drexel takes to London

Is Beverly Hills coming to the City of London? And will Europe learn to love junk bonds? Such thoughts have crossed the mind ever since the word that Peter Ackerman, once heir apparent to the great (and indicted) Michael Milken at Drexel Burnham Lambert, is upping sticks and moving to London.

Ackerman, who is 42, will - in Drexel-speak - "co-ordinate the development of the firm's global high yield sales effort and multinational investment banking activities".

A first reflection was that the junk (or high-yield) bond business in the US really must be pretty washed out if Ackerman, an 11-year veteran of Milken's empire, thinks there are richer pickings in London. After all, the UK institutions have not been too keen on over themselves to buy the subordinated debt that Sir James Goldsmith dangled as part of his planned reconstruction of BAT Industries.

But the word from Beverly Hills is that, yes, the US junk bond market is displaying some characteristics of a commodity market and, yes, some of the Milken junk bond empire has had to be moved out of Beverly Hills as part of the deal Drexel Burnham made with the Securities and Exchange Commission to keep its securities licence.

On the other hand, Ackerman is not about to rush round Europe leveraging every corporate balance sheet in sight. Instead, he is said to see in Europe the kind of revolutionary conditions that preceded the great explosion in the US junk bond market in the early 1980s.

The operative word is "ferment". Ackerman will not so much campaign for junk bonds per se, but for the Drexel innovation that gave the world junk bonds in the first place and might include a lot of fancy stuff involving equity,

investing the bank's own capital in acquisitions, opportunities in eastern Europe and that sort of thing.

Jolly Thatcher

Passing tribute to Mrs Thatcher: she is remarkably loyal to friends. The Prime Minister has now turned up eight years running at the annual reception of the Newspaper Press Fund, a charity for journalists. She has no particular reason to like the press, yet each time she makes a rather jolly speech. On Wednesday she talked about a visit to Glasgow: "I gave them a load of home truths instead of a load of home rule, and they loved it." Also about her recent visit to the Soviet Union: "I was the first British Prime Minister to go to Siberia and certainly the first British Prime Minister to get out of Siberia."

As it happened, she rather lost the thread in the middle and became somewhat mystical about President Gorbachev and General Jaruzelski. But the opening remarks were superb. She should use that impromptu, knockabout style more often.

More hunters

I am asked, in the nicest possible way, to point out to what Observer reported on Tuesday about the founding of the first Anglo-Japanese head-hunting firm in Britain is not quite true. There is another apart from the newly founded NB Selection Japan Limited. It is called Nippon GKR KK and has recently been joined by Michael Barrett, a fluent Japanese speaker who used to work for the British Council in Tokyo. Like NB Selection, it has a female Japanese liaison officer in Japan. The reason why we may not



"I hope the British don't send private security guards."

have heard of it before is that head hunting is very discreet: so much so that the buzz is that Nippon GKR is doing some important work for Toyota in Derbyshire.

Finch fights

In March 1987 David Finch - an Australian staff member of the IMF since 1983 and one of the IMF's four senior operating officers - resigned. His complaint was that the IMF was being gravely damaged by US pressure upon it; his examples were interferences in loans to Egypt and Zaire.

Now a senior fellow at the Washington-based Institute for International Economics, Finch has returned to the fray. His dismay is revealed in a pamphlet - The IMF the Record and the Prospect - published just before this year's annual meetings in the international finance series of Princeton University's Department of Economics.

"Because decisions regarding financial assistance to indebted developing countries

were no longer based on compatibility with repayment terms," he argues, "lending was guided increasingly by the political preferences of the leading industrial countries. The collegial relationship of the IMF staff with the financial authorities of borrowing countries crumbled, and the credibility of the IMF suffered."

In the process, he asserts, "the narrowing focus of the IMF's financial assistance and the IMF's declining ability to influence order even in servicing of its own loans have steadily undermined the original intention to make the IMF a central monetary institution dealing with the problems of the major countries."

Star & Garter

Anyone who has ever visited Richmond, Surrey must have noticed the Royal Star and Garter Home up on the hill. Founded in 1816 for disabled soldiers and sailors, it is still going strong. About 20 veterans from the First World War are still there; there are also younger service people, victims of Northern Ireland and the Falklands War. Even if universal peace breaks out tomorrow, the home will continue to have a role.

A charity is being launched to help fund it. This will take the form of corporate entertainment at Ascot, Henley, Windsor Great Park and perhaps a few more adventurous places. The profits will go to the home, which costs about £2m a year to run.

Ian Lambrooke, the appeals director at the Star and Garter, says that this is the firm's charity to try to cash in on the social calendar.

Nice to read in the literature that Richmond used to be called Shene - after the German *schon*. The original site of the home was the model for some of London's more lavish hotels. The hotel had its swansong in 1888 when Indian princes came to Queen Victoria's Diamond Jubilee. It later went bankrupt.

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POLITICS TODAY

The magic that Labour needs

By Joe Rogaly

If the economic indicators go on like this for many more months I may have to revise my long-standing view that the Labour Party has no chance of winning the next election.

This observation owes nothing to economic forecasting, which anyone who follows it knows is bunk. It is so remote from what the few serious economists like to call the underlying realities, since these do not accompany voters into the booths when they mark their little crosses. That it is all about the perceived economic competence of the Conservatives. The last time I looked they had the edge on this, but a few more months of headlines about a record balance of payments deficit will erode it, and further increases in inflation and mortgage rates, whether voluntary or forced, could destroy it.

The Labour leader, Mr Neil Kinnock, has the balance of payments deficit imprinted inside his eyelids, ever since the 1987 election he has been of the opinion that it would turn the Tories out of power in the next run on the pound would contribute mightily to the realisation of this dream. If such a run took place during the next few months it might give Labour what the US President, Mr George Bush, calls "the momentum" - that it must acquire if it is to maintain its lead over the Conservatives right through until 1991 or 1992.

Alternatively, Labour could be flooded into office on a slowly rising sea of high interest and mortgage rates, accompanied by a rate of inflation stubbornly two or three points above the 5 per cent level the Conservatives are praying for. Such indirect factors do not always correlate directly with opinion poll ratings and election results. That is hardly surprising. They are factors of the greatest importance, but many other variables play a part in deciding how people vote.

Yet the coincidence of the trends in the accompanying graph is remarkable. The level of poll support for the Conservatives has been indexed and set against a comparable index of the mortgage rate. The fit is uncanny. As the mortgage rate rises, support for the Tories falls, and vice versa. We can do this with any numbers on a personal computer, but such a mirror image is rare. Look at 1985. Look at the long haul to recovery in 1987. Now see what is happening in 1989. The Prime Minister has two years until an October 1991 election, anything but a bitter end and further damage the Tory case. Mrs Thatcher badly needs a resurgence of her Chancellor's good luck before the end of next year, or perhaps a new Chancellor.

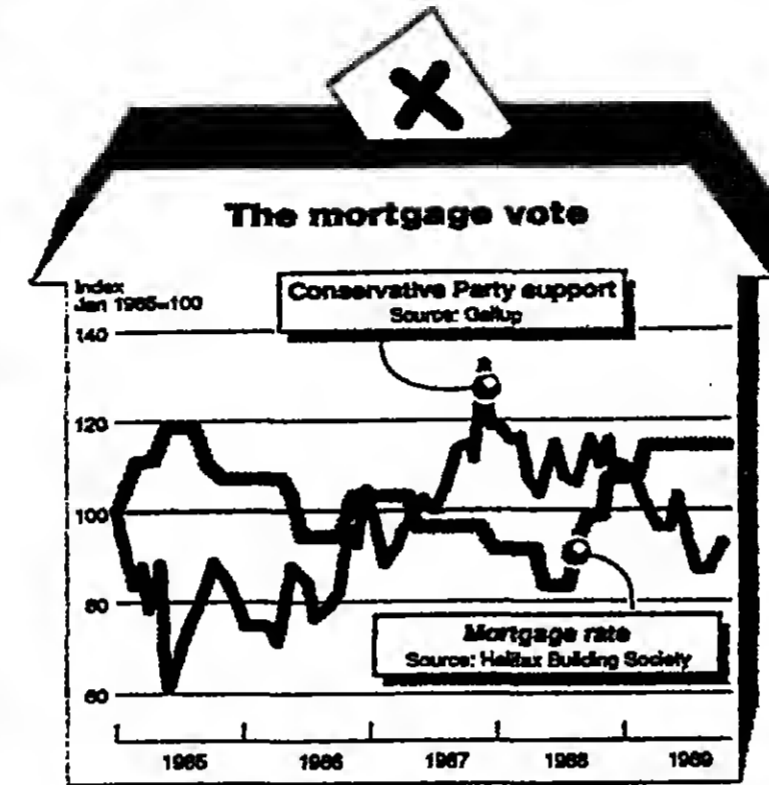
Mr Kinnock has to a large extent manufactured his own good luck, by abandoning some of the voter-repelling policies formerly propounded by the Labour Party. Unilateral disarmament has been cast aside and the European Community embraced. His achievement must, however, be put in proportion. The Labour Party is still incomplete. So far he has made

Labour a contender in the event that the Government manages the economy so badly that the swing against it is greater than anything recorded in the post-war period. I still find it hard to believe that the Conservatives will be that incompetent.

Even if they are, Mr Kinnock cannot win outright unless enough Tory votes travel directly to Labour without stopping in the centre. This depends partly on Labour and partly on the centre parties. The necessary demarcation of the latter is already taking place. For the wonderful absurdities of British politics reached new heights at the recent conferences of the Social and Liberal Democrats, the Greens, the Scottish Nationalists and the rump Social Democrats. The last of these ended in pure farce on Wednesday as Dr David Owen continued his ludicrous game of stud poker with the two larger parties, daring them to call his bluff when the world knows his hole card is a three of nothing. "If you do what I say, I'll give careful consideration to joining you," he boomed, as Mickey Mouse might to Superman. His endorsement could once have benefited the Labour Party, by 1991 it may be an embarrassment.

What none of these parties or their leaders comprehended is that the British system of choosing governments depends on a method of voting known as first-past-the-post. They talk about proportional representation sagely enough, but show no sagacity in acting as if it were already in place. It is not. This means that either Labour or the Conservatives will always win unless the electorate perceives that a third force is strong, united and stands a chance. Such a third force existed before the last general election. At that time the Alliance seemed set to replace Labour and become the European-style social democratic party that Britain so badly needs.

Since then, for reasons it would be tedious to rehearse, the Alliance has dissolved itself. Where once the centre parties could aspire to around 30 per cent of the vote and bring, now all the tiddlers taken together, even throwing in the Welsh Nationalists for good measure, account for only 20 per cent or so of stated voting intentions. That fifth of the electorate is divided into half a dozen unelectable and mutually antagonistic fragments. The Conservative Party has an obvious reason for their separate existences,



although under first-past-the-post both would do more for local autonomy if they worked for a Labour victory than by holding out alone. The Greens can reasonably say that their vision of a world in which industrial development is curbed and population growth is reversed is so different from the programmes of all the other parties that they have to stand alone, in an aura of born-again virtue.

The Democrats and the Owenites have no such excuses; everything they want could just possibly be had if they would themselves up and joined the Labour Party, which might win if they did. Dr Owen might protest that he is offering all and sundry a series of deals that would amount to an electoral pact, but this is correctly interpreted by his audience as a desperate call for a lifeline from an expiring party. If he means what he says about PR he should rejoin Labour and argue for it from inside.

You have to conclude that none of the above, except perhaps the Green Party, is really as horrified by the prospect of another 10 years of Margaret Thatcher as they say they are. To hear them talk at their conferences Conservative rule is becoming an insufferable burden. In Scotland, to a nation that has decisively rejected the Tories, among Democrats as a heartless return to a class-based society, to the rump SDP, as a sure road to the destruction of the National Health Service. If all this is true, why are these political midgepits fighting one another, not to mention the only opposition party that could conceivably win next time?

The short answer is that Tory Government is not to them the worst thing that could happen to Britain: it is no worse than what they imagine would be delivered by Labour, and, to some in their secret hearts, possibly better. Whether this reasoning applies

to their followers is another matter. Once we are back to two-party politics everything depends upon an old saw. On the one side is the degree of satisfaction with the Government's economic management. One the other is the inherent mistrust of Labour among the conscience-struck middle-class voters it must attract. Mr Kinnock has gone some way towards tilting that balance more in Labour's direction and may go further at his party's conference, which begins in Brighton this weekend. Short of an unprecedented catastrophe, such as a high and rising mortgage rate for two more years, what he does will almost certainly be insufficient.

I suggested a few weeks ago that what might clinch victory, assuming a season of favourable winds for Labour, would be a commitment to proportional representation. This would leave centre-party voters with no reason to vote for the bits of the former alliance and every incentive to vote Labour. It would reassure wavering Labour voters that Labour did not mean to win on a radical-radical vote - for if it did it would lose badly in a subsequent election based on PR.

Support for the validity of this suggestion has now appeared in the results of a Mori survey commissioned by the Electoral Reform Society. Just about half the population knows "just a little" or more about PR; among these there is a disproportionate number of middle-class, middle-aged and southern voters. They are the voters Labour needs. Mori's figures suggest that if the party embraced PR today it might gain at least a 2 1/2 to 3 per cent swing from the Tories, and twice that in the remote edges of possibility, a victory.

If the Labour leader concentrates on this proposition he may yet overcome some internal doubts. One reason he is disinclined to accept PR in elections to the House of Commons is that he believes people would say that he did so from weakness, from a fear that Labour could not win on its own. This is a reason to do it while Labour is ahead in the polls, as it currently is. Another objection might be that he would not want to be accused of responding to Dr Owen's challenge. Since there is already a strong movement to have electoral reform debated in Brighton, that can be brushed aside.

These objections are of small moment when set against the potential recovery of the Conservatives. They know that mortgage rates can go down as well as up. Thus in spite of the balance of payments figures, the odds against Labour winning next time are still so long that Mr Kinnock needs every magic ingredient he can assemble. PR is one of them.

LOMBARD

Home truths about trade

By Michael Prowse

THE CONSERVATIVE Party was able to storm to electoral victory in 1987 partly because its claim to have "transformed" the British economy seemed to ring true. Living standards were rising rapidly yet inflation and the balance of payments remained under control. In the 1986 Budget, Mr Nigel Lawson was sufficiently confident to claim that Britain was "now experiencing an economic miracle comparable in significance to that previously enjoyed by West Germany and still enjoyed by Japan." It was a heady moment. The sick man of Europe had become the Charles Atlas of the world economy in less than a decade.

Today, the musicman is feeling unwell. Wage inflation is comparable to that fabricated by the Tories in 1976. Unemployment is far higher and about to resume its rise. The balance of payments, as in August figures confirmed, is in ghastly shape: the current account deficit is running at an annual rate of 2.5bn or 4 per cent of gross domestic product.

The official line is that this is merely a temporary setback. In Mr Lawson's words, Britain has simply had "too much of a good thing." Consumption, owing to a steadily about monetary policy, was allowed to rise far too quickly. It led to imports and resulted in a rapid deterioration of the current account. However, monetary policy has been tightened. This is already curbing domestic demand and will shortly rein back the trade deficit. Meanwhile a host of microeconomic reforms has sharpened the competitive edge of the economy. Restraining remains set fair for 1990.

You have to be extremely glib to swallow this comforting story. Britain's trade difficulties have certainly been exacerbated by the consumption boom, but they also reflect a long-standing structural weakness - a weakness, moreover, that was exacerbated by economic mismanagement at the turn of the decade. The problem is a stubborn one that for most of the post-war period, the volume of manufactured imports has risen much faster than the volume of manufactured exports. A large manufacturing surplus was therefore gradually eroded. For years, the situation did not seem to matter. The UK was saved by an improving trade balance - first in food and then in fuel. In the early 1980s, ministers were cock-a-hoop. The balance of payments constraint on growth seemed to have disappeared. Britain was turning its current account surplus. But these were mainly a reflection of the sharpness of the 1980-81 recession, which curbed import demand, and the buoyancy of North Sea oil revenues. The reality was that the high starting policy of the early 1980s had wiped out nearly 20 per cent of Britain's manufacturing base. The UK economy, unbalanced in the 1970s, was now far too dependent on services, most of which are untradeable. Yet consumers' appetite for manufactured imports had, if anything, grown. A rapid deterioration of the current account was unavoidable. The challenge today is not just to curb demand, via the blunt instrument of higher interest rates but to achieve a restructuring of the economy. The composition of output has to be brought more into line with the composition of demand. Deindustrialisation has to be reversed. Manufacturing industry has to expand much faster than the rest of the economy for a prolonged period. If it does not, any improvement in the trade deficit will be temporary. But here lies a problem. The Government has realised that the sterling exchange rate will be its principal tool for controlling inflation. Yet the exchange rate exerts its downward pressure on demand via the traded goods sector. Thus the sector which the UK needs to expand will bear the brunt of the anti-inflation policy. Mr Lawson may thus reduce the trade deficit in the short term but only at the expense of a further deterioration in the UK's long-term prospects. The only way out of this box is to accept the need for an anti-inflation policy which does not rely on the exchange rate. The obvious answer is some kind of incomes policy. Let's hope the Labour Party is willing to try it in 1992.

LETTERS

Italian banking

From Mr Piero Barucci, Chairman, Associazione Bancaria Italiana, Piazza del Gesù 43, Rome. Improvement of the Italian banking and financial system is under way. The core of this process is competition and openness. We are confident that this clearly defined trend will allow the Italian financial structure to face successfully the fiercer competition in the international arena, and to be an integral part of the financial environment which Europe is building up. These tendencies would certainly emerge from any accurate analysis in depth and impartial analysis. The Italian Banking Association, for its part, will continue to contribute to such analysis. Piero Barucci, Chairman, Associazione Bancaria Italiana, Piazza del Gesù 43, Rome.

Raiders, bids and BAT

From Ms Christine Large, Chairman and Managing Director, Ingram Associates, New Buxton House, 26-30 Little Russell Street, WC1. Your article "BAT and the raiders" (September 27) highlights the industrial and economic absurdity of allowing industry to become a hostage to "junk bond" raiders. In the same way that Mr Jacob Rothschild has committed BAT for "doing well at school", there are lessons to be learned from the US takeover scene and an intimate knowledge of leveraged bid tactics. Following the example of one US state, changes in legislative thinking may be necessary to level the takeover "playing field." In New Jersey, the law requires a takeover specialist who purchases up to 10 per cent of a company's shares to present a plan to the board of directors. A party that acquires more than 10 per cent and does

not go to the board is prohibited from merging or selling any part of the company for a period of five years. The board may also review not only the price of the tender offer, but also the effect the takeover would have on the company's employees, the community in which it is located and other people with an interest in the outcome. The leveraged bid process requires monitoring so that no single entity in a takeover has an unfair advantage. Government and industry must not ignore the public policy dimension of bids, or the experiences of companies in the US. Christine Large, Chairman and Managing Director, Ingram Associates, New Buxton House, 26-30 Little Russell Street, WC1.

EC directives

From Mr Eric H. Dodson. Sir, In "The end, the bad, the indifferent" (FT September 25), David Buchan argues his case well. He demonstrates the problems made for the EC Commission by the reluctance of some EC member countries to implement the provisions of directives under which they are required to incorporate into their own laws adequate machinery to give effect to directives. He might also have emphasised a proposition now well established in the English courts. It is that while a directive does not in itself impose obligations on, or give rights to an individual, the individual may none the less rely upon its provisions even if a member country has not expressly implemented the directive. It may be envisaged, therefore, that an interdict litigant - sued, for example, by a water supplier for its charges - might resist the claim by pleading that the supplier was not of the quality required by the relevant directives. An action of this sort would no doubt be a poor substitute for proper implementation, but indirectly it could bring about the same effect. Eric H. Dodson, The Knoll, 57 Lezithorn Crescent, Branshall, Southampton, Hampshire.

Textiles

From Mr J.A. Nightingale. Sir, Nigel Lawson's declaration to the development committee of the IMF and World Bank ("Criticism of trade protection," FT September 26) that the Multi-Fibre Arrangement (MFA) has imposed an excessive cost on the world economy, and that developing countries have been denied free access to industrial country markets, appears to conflict with government policy. The MFA has brought order to international trade in textiles and clothing. It guarantees a growing level of access to developed markets, particularly for the poorest supplying countries which would otherwise lose out to the dominant ones. The future of the MFA is now under discussion in the GATT round of multilateral trade negotiations. At the mid-term review in April, it was clearly established that the future of the MFA must be linked to progress in strengthening the rules and disciplines of GATT. The Government has committed itself to this approach. There can be no question, therefore, of relaxing the MFA until there has been progress in dealing with dumping, export subsidies, and the tariff and non-tariff barriers which hinder our exports. J.A. Nightingale, Apparel, Knitting & Textiles Alliance, 7 Svaldow Place, W1.

Fire and flood

From Mr Joe D. Stevenson. Sir, The south east news is pathetic, most items in the bulletin would be spiced by the editor of a weekly local newspaper. Unfortunately, it takes its colour from the 9.00 pm main news which is equally compounded of "abock horror" stories. My family watches the 9.00 pm news in the lingering belief that the BBC maintains a degree of accuracy and objectivity. Even so, the world is not that bad. We know, we live in it. Joe D. Stevenson, Vine Acre, Abingdon Road, Dorchester-on-Thames, Oxon.

IT training

From Mr Roy Townsend. Sir, Some information technology employers ("IT employers failing to widen recruitment areas," FT September 26) have demonstrated that innovative approaches to IT training can alleviate the industry's shortage of skilled people. The National Computing Centre has estimated that that shortage will grow to more than 100,000 by 1996 from more than 20,000 today. BP, Hewlett-Packard, FI Group, the Post Office, ICL and a number of other organisations recently started the Women into IT (WIT) campaign to encourage more women to take up careers in the sector. WIT aims to deepen the pool of IT skills. For real effectiveness, however, employers must also make individual efforts. The technology and expertise is now available to train people to a high level in a very short time, and more cheaply than before. For example, ICL has developed a programme called "Flying Start" to turn novices into competent computer programmers in just eight weeks. All the evidence shows that companies that take training seriously hold on to staff longer and suffer less from the salary inflation that job hopping creates. Roy Townsend, ICL, Newcastle, Wiltshire, Devex.



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PepsiCo signs Soviet barter deal

By Nancy Dunne in Washington

PEPSICO, the US soft drinks group, is entering an unusual barter deal with the Soviet Union under which it is helping to finance the building of 28 Soviet Pepsi plants and acting as an agent in the sale of new Soviet ships.

A percentage of the sales equal to \$254m. "When these new plants are installed, we will be selling more Pepsi-Cola in the Soviet Union than we were selling in the US when I joined the company after the Second World War," he said at an award ceremony from the American Committee on US-Soviet Relations in Washington.

Mr Nikita Khrushchev, the former Soviet leader, came to the kiosk, he said, and sampled one Pepsi made with US water and one made with Soviet water. He said he liked the Soviet product better and went on with then Vice President Nixon to another exhibit which became the scene of the famous "kitchen debate."

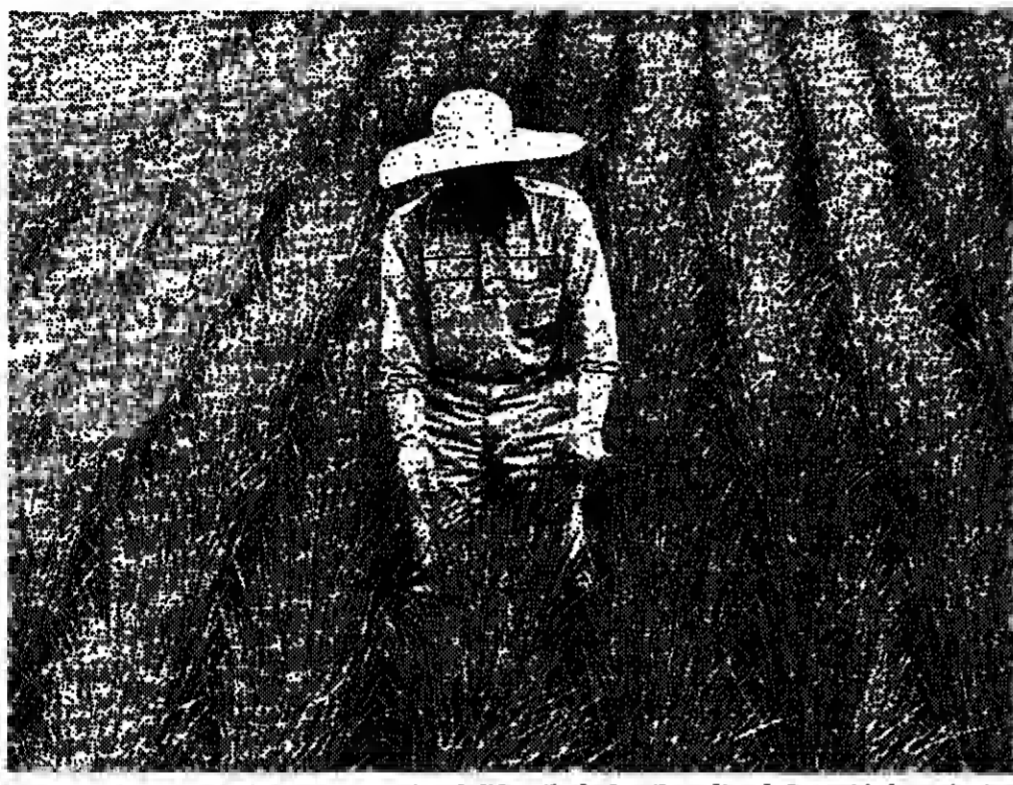
Mr Kendall said he was almost fired for agreeing to the first exhibit. "Every step along the way we've had critics saying we couldn't go any further... how would we get our money out? It can be done if you have the guts to go do it and stick with it."

Trade winds from Washington stir fears in the paddy fields

Japanese farmers resist US pressure

By Robert Thomson in Sakata, Japan

IN some of the paddy fields of Tokyo, rice harvesting machines cut a path through the mature autumn stalks, while in adjacent fields poles draped with bundles of hand-picked plants are monuments to a way of farming that remains unchanged by technology, but is vulnerable to the trade winds from Washington.



Hand harvesting is inefficient, compared with US methods, but the cultural element is important

The farmers of Sakata, north of Tokyo, are aware that trade negotiations with the US have entered a new phase under the title of the Structural Impediments Initiative (SII) talks, but their defensive armory remains much the same: they emphasise the spirituality of rice and that the paddy field is virtually a sacred site.

There are other arguments. Mr Hiroshi Goto, 43, who has 3.7ha under cultivation, suggests that rice imported from the US would not necessarily be safe. "Because they would have to transport the rice a long way, they would need to fumigate and that would affect the rice safety."

Mr Goto does see a similarity between his plight and that of US workers who have been replaced by imports. But he firmly believes that Japan must be self-sufficient in rice and is convinced that Japanese farmers will face poverty if the market is liberalised.

Mr Macapagal lost out to Ferdinand Marcos in the 1965 elections which became the springboard for his 20-year rule. She was speaking after a lengthy blackout in the Philippines capital, Manila, where the archaic electrical grid system, crippled in part by Mr Marcos's diversion of large amounts of infrastructural investment funds to his own family's personal use, had failed hours before the death of the former President.

Marcos dies exiled in Honolulu after long illness

By Greg Hutchinson

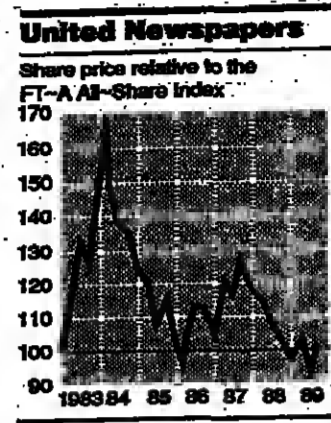
Ferdinand Marcos, who was brought down by popular revolt in 1986 after more than two decades as the increasingly despotic and corrupt President of the Philippines, died in hospital in Honolulu, Hawaii, yesterday. He was 72.

President Corason Aquino of the Philippines refused to grant Mr Marcos's dying wish to be buried in his home province of Ilocos Norte. She said the security risk of people using the burial as a pretext to cause trouble was too great.

Mr Marcos, a staunch anti-Communist, had the backing of successive US administrations throughout his rule. President George Bush said he was saddened by the death of Mr Marcos, a man he once hailed as "a champion of democracy."

Too few marks for the markets

The equity market has taken its time waking up to the threat of a sterling crisis, but yesterday made up for it in style. In its 40-point plunge, the FT-SE swept through 2,300 with scarcely an upward glance. The trigger was sterling's fall to Dm 3.02, which the markets have fixed on as the danger signal for a base rate increase.



For each part of the puzzle, the outlook is highly confused. The fight over sterling is greatly complicated by cross-fire from the G7 over the dollar. The equity market faces a tricky technical situation today as the FT-SE futures and options expire on the last day of the quarter.

On the bottom line. This is partly because money saved has to be devoted to promotional expenditure. In an attempt to sustain circulation on its national newspapers, at the same time, the intense competition among titles and the squeeze on consumer expenditure mean that advertising rates have declined and that volumes may follow.

But if base rates go up regardless - and that is not quite certain yet - it is unclear how equities will react. The market has grasped the immediate threat, but may not have thought out the possible consequences for the real economy. The optimist would argue that the market had similar setbacks last August and December on unforeseen base rate rises and survived. Indeed, a correction to 2,250 is no more than was foreseeable when the FT-SE went through 2,400. But whether the market will feel so philosophical if it gets there is another matter.

There are brighter spots; regional newspapers are performing well, helped by the Northern geographical bias, and the US magazines provide some protection from the UK's economic problems. But earnings per share are likely to fall this year and the shares are overvalued on fundamental grounds on a P/E of 14. While Conrad Black keeps buying, however, fundamental valuations will not matter.

Bush retains initiative on budget policy

Continued from Page 1

about being seen to be backing higher taxes, even for the very wealthy, with elections only 13 months away. This was in spite of an appeal by Mr Richard Gephardt, the Democratic House Majority leader, that "you'll be voting to give \$24,000 a year on average to the wealthiest families in America. Don't give in to a threat that there will be a TV ad saying you voted to raise taxes."

IMF says lending policy allows economic reforms to proceed

By Stephen Fidler in Washington

Mr MICHEL Camdessus, the managing director of the International Monetary Fund, yesterday vigorously defended the need for his institution to lend to debtor countries while they were in arrears to commercial banks.

Mr Camdessus said he saw no threat to bank financing currently being arranged for Mexico. Fears have been expressed that banks' general unwillingness to take the option of making new loans - essential to the working of the deal - would cripple the arrangement.

Mr Camdessus returned to what he called the "silent revolution" in economic ideas. The adoption of sound fiscal and monetary policies, the giving of greater scope to market forces, and reducing the role of governments.

Table with columns for city, temperature, and weather conditions. Includes cities like Ajaccio, Algiers, Amsterdam, Athens, etc.

Poland launches zloty devaluation

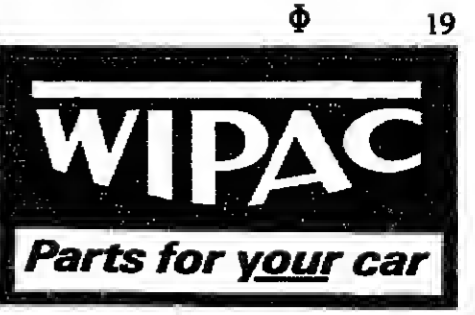
Continued from Page 1

Mr Jozef Siles, the Solidarity Farmers leader told the OKP meeting that further increases of this kind could mean that "in a few days time a thousand farmers will come here to the parliament building and turn us all out."

Mr Karol Modzelewski, the Solidarity senator, meanwhile warned the Government that its conversion to liberal economics had made policymakers forget that a certain measure of interventionism by the state was essential - as were some price controls.

Mr Modzelewski went on to predict that the political differences now emerging within the group of Solidarity parliamentary deputies made almost inevitable a future split into separate left and right wing parties.

Advertisement for The Economist magazine. Text: "There's always been money in bricks and mortar. But now that the commercial property market is alive with zero-coupon bonds and interest-rate swaps, who do you need by your side to make the big bucks? This week The Economist looks at 'The Great Property Grab' and asks, are Wall Street's bankers and Britain's big surveyors set on a collision course? And is the writing finally on the wall for surveyors?"



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INSIDE

Michelin throws down the gauntlet
On the surface, Michelin's \$1.5bn takeover of Uniroyal Goodrich of the US, to be completed by early next year, marks the final stage of a world tyre industry rationalisation which has left more than 80 per cent of total sales in the hands of just six producers.

Looking to a brighter future
The short history of Lowndes Queensway, formed after a leveraged takeover in August last year of Harris Queensway, has not been happy. Mr Eddie Dayan, chief executive of the furniture and carpet retailer, admits the business was in worse shape than expected.

Geest shrugs off setback
Geest, the fresh produce and prepared foods group which is best known for its banana import business, shrugged off a poor performance by its food preparation side to report pre-tax profits of £71.3m (\$18.08m) in the six months to July 1.

Waging war on bacteria
It takes nerves to introduce a new paté on to the supermarket shelves these days. But with history-in-paté scares still in mind, Marks and Spencer is in the middle of trying for a new variety - chicken liver and bacon.

Finnish shares in a spin
After years of sustained growth, the depreciation of the Finnish markka has slowed trading at the Helsinki stock exchange, sending share prices into a September nose-dive. The market's predicament has not been eased by embarrassing revelations in the politico-economic arena.

Market Statistics table with columns for various indices and their values.

Companies in this section table listing various companies and their stock prices.

Chief price changes yesterday table showing price movements for various stocks.

Kyocera gains European base after AVX deal

By Roderick Oram in New York
KYOCERA, the leading Japanese industrial ceramics and electronics group, is acquiring its first European manufacturing base through the acquisition of AVX, a US-based maker of electronic components.

Fiat advances 27.5% to first-half record

By John Wyles in Rome
THE STRENGTH of European car markets has again propelled Fiat's first half to record first-half profits, with a 27.5 per cent rise in consolidated pre-tax earnings to £2,807m (\$2bn).

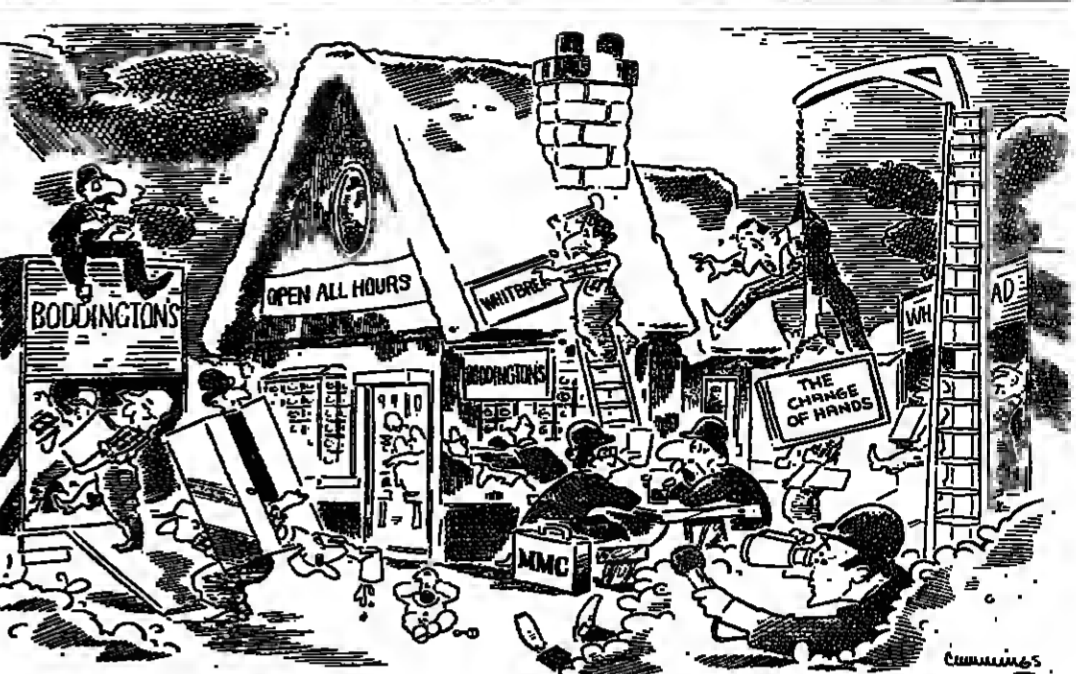
Stark, but very different, choices are starting to be made by Britain's brewers in a year when external scrutiny by the Monopolies and Mergers Commission has forced the industry into a rare period of introspection.

This self-investigation, combined with the opportunity that will be thrown-up in the marketplace by the MMC's proposals, due to be implemented by the Government over the next few months, are forcing a change that over the next decade will transform the face of the British brewing and public house retailing sector.

Both companies believe this is the first time a Japanese company has paid for a US company in stock rather than cash, making it a tax-free transaction for AVX shareholders.

Britain's brewers opt for a narrower path

By Lisa Wood
Lisa Wood on changes that will transform the brewing and public house retailing sector over the next decade



Britain's brewers opt for a narrower path

As head of Boddington when the MMC failed to recognise that profits were at the retail end, not in brewing, had threatened to sell their breweries and keep their pubs and so exempt themselves from the proposals.

Merck and Du Pont in drugs pact

By James Buchan in New York
MERCK, the world's largest pharmaceuticals company, and Du Pont, the big chemicals group, yesterday announced a far-reaching agreement to work together on a new class of drugs to treat high blood pressure and heart trouble.

Static profits at Utd Newspapers

By Raymond Snoddy in London
LORD STEVENS' United Newspapers, publishers of the Daily and Sunday Express and the Daily Star, yesterday unveiled only a marginal improvement in profits for the half year to June 30.

Static profits at Utd Newspapers

ment yesterday of Mr Derek Terrington, publishing analyst at stockbrokers Phillips and Drew. He had been expecting pre-tax profits of around £36m.

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INTERNATIONAL COMPANIES AND FINANCE

Fiat launches formal bid for Enasa

By Tom Burns in Madrid

SENIOR EXECUTIVES OF Italian auto manufacturer Fiat and of its truck subsidiary Iveco yesterday made a formal bid in Madrid for the acquisition of Enasa, the Spanish state-owned bus and lorry producer, Spanish officials said.

Fiat is a late entrant in a competitive field seeking to buy Enasa, a company that recently returned to profitability after a considerable injection of public money and which markets its products under the trademark of Pegaso.

The Italian auto giant joins Volvo of Sweden, the Dutch company DAF and West Germany's MAN, which all signalled their interest in Enasa

before the summer when INI, the state-holding company, made it known it was willing to privatise the company.

Mr Claudio Aranzadi, the Industry Minister yesterday confirmed that all four companies were now in the running for the acquisition. Mr Aranzadi, who met with Volvo officials on Tuesday, said that conversations with the different bidders were "proceeding rapidly" and that a decision on Enasa's sale could be expected shortly.

He did not disclose details of the bids but he did indicate that the Spanish Government would favour a company which, in addition to purchas-

Braniff again seeks court protection

By Roderick Oram in New York

BRANIFF, the US airline, sought the protection of the bankruptcy courts yesterday for the second time in seven years, hurt once again by financial problems from expanding too quickly.

During its reorganisation under Chapter 11 of the bankruptcy code, it hopes to continue to use 15 of its aircraft to serve 11 cities including New York and Los Angeles from its hubs in Kansas City and Orlando, Florida.

It also said it hopes to continue to take delivery of Airbus A-320 airliners from Guinness Aviation because it needs to lower its operating costs by using more modern aircraft.

Earnings gain forecast by Adia Inspectorate group

By William Duilforce in Geneva

ADIA, the Swiss temporary employment agency, and Inspectorate International, the Swiss inspection services company, yesterday announced a schedule for their exchange of shares and forecast 1989 consolidated net earnings of SFr240m-SFr255m (\$147m-\$156m) on a SFr6.6m-SFr6.8m turnover for the merged group.

The projected net earnings work out at SFr139-SFr141 per share on the reconstituted share capital. For 1988 Adia posted a net profit of SFr22m while Inspectorate reported a net of SFr109m.

Both companies announced pre-merger dividends. Adia proposes to pay its shareholders SFr110 per bearer share, SFr55 per registered share and SFr11 per participation certificate for the fiscal year ending June 30. This is equivalent to a 22 per cent increase over 1987.

Inspectorate proposes to pay an extraordinary distribution of SFr14 per share and SFr2.90 per participation certificate for the period up to July 1, in order to take account of the shift in the fiscal year that will result from the merger.

Adia SA, holding company

and certificates for new stock in Adia SA.

Closing prices on the Geneva stock exchange on Wednesday were SFr890 for the Adia bearer shares and SFr2,230 for the Inspectorate bearer shares.

Total share and participation certificate capital after the merger will amount to SFr255m but Adia will have departed from usual Swiss practice by issuing one class of bearer share with equal voting rights.

Thus, the merged group is abandoning the usual Swiss corporate defence against takeover. Omi Holding, the parent company for the business interest of Mr Werner Rey, will have a 25 per cent stake while Board members and management will hold 1 per cent.

After the sale of Inspectorate's majority stake in Harper, the West German property company, Adia SA, one of the world's largest services groups, will start life with at least SFr1bn in liquid holdings. It plans to use part of this to expand in its core businesses of temporary employment, inspection and security services.

Arbed set to end 10-year dividend famine

By Lucy Kellaway in Brussels

ARBED, the Luxembourg steel producer, yesterday announced a six-fold increase in net profits for the first half of 1989, and said that by the end of the year it would be ready to pay its first dividend for 10 years.

As a result of exceptionally strong steel demand and gains in productivity, profits from the parent company increased from LFr655m to LFr3.5bn (\$88.6m). The company forecast that the figure for the year would be more than LFr6bn,

compared with LFr2.3bn for 1988.

Mr Pierre Everard, the commercial director, yesterday gave a fairly cautious account of the prospects for the steel market, noting that demand was flattening and that product prices for the year might not sustain the levels of the first half. Despite the fact that what had been a sellers market was about to become a buyers market, 1989 would nevertheless be "another good year."

Earlier this week the European Commission estimated that demand for steel in Europe during the third quarter was at its highest for a decade, and that some further, although lesser, growth could be expected for the rest of the year.

Net profits from the Arbed group as a whole were expected to be at least LFr2bn more than last year's LFr6.3bn. The increase for the group as a whole was less pronounced

Gold Fields head office staff fired by Hanson

By Kenneth Gooding, Mining Correspondent

THE ENTIRE head office staff of Consolidated Gold Fields, the diversified UK mining group, has been made redundant by the Hanson group, which won control in August after a £2.5bn bid (\$4bn).

The move has broken up and dispersed one of the mining world's most authoritative technical and research teams, particularly experienced in the gold business.

However, Mr Martin Taylor, vice-chairman of Hanson, the industrial conglomerate, said yesterday this did not imply his group was not interested in the gold operations it had acquired or that it would quickly sell them.

He suggested there was considerable expertise in the oper-

ating companies within the Gold Fields group.

Gold Fields itself started a voluntary redundancy programme among headquarters staff during the first, unsuccessful, bid by Minorco, the South African-controlled investment group. This reduced the number of employees by about 20 to 86.

Mr Taylor said the remainder had been given notice after the successful Hanson offer because "we had two management staffs and we only need one." The only senior Gold Fields manager offered a role by Hanson appears to be Mr Rudolph Agnew, chairman, who is expected shortly to join the Hanson board as a non-executive director.

First-half profits at UCB show 57% improvement

By Tim Dickson in Brussels

UCB GROUP, the major Belgian chemicals company, has increased first-half profits in 1989 by 57 per cent to BFr1.06bn (\$26.8m) on sales 17 per cent higher at BFr20.76bn.

The good figures were attributed to "the excellent performances achieved by the pharmaceutical sector and the chemical sector," though as forecast earlier in the year, the results of the film sector were "less good."

UCB's share price has been a strong feature of the Brussels Bourse in the last few days, closing last night at BFr15,850 or 15 per cent above the level of a week ago. Asked to comment on suggestions that a predator was stalking the company, Mr Georges Jacobs, executive committee chairman, rejected all "rumours concerning the capital of UCB."

The company's statement pointed out that the first-half figures exclude Pabeltec - in which UCB recently bought a 97 per cent stake from Société Générale de Belgique and Feldmühle of West Germany - as well as the costs of restructuring UCB's Ghent films site.

On the pharmaceutical side the anti-allergy drug Zyrtec "has had an increasing success right across Europe." Elsewhere, UCB says it has taken "a predominant role" in the management of Radcome Specialties, following the sale by RTZ of its shareholding in this joint venture to Rhône-Poulenc.

Swiss Re raises payouts after advance of 23.4%

By William Duilforce

SWISS REINSURANCE, the world's second largest reinsurer group, yesterday posted a 23.4 per cent climb to SFr248m (\$152m) in net consolidated earnings in 1988. It also announced a dividend rise, a 125th anniversary bonus for shareholders, and proposed a share split and capital increase.

The board recommended payment of an ordinary dividend of SFr135 per share and SFr27 per non-voting share plus anniversary bonuses of SFr35 per share and SFr7 per non-voting share. These compare with 1987 dividends of SFr100 per share and SFr25 per non-voting share.

Gross premiums for the Swiss Re group increased by 18.1 per cent to SFr12.3bn in 1988. Incorporation of Lloyd Adriatico, Trieste, accounted

for 7 per cent of the increase. Financial income at SFr1.36bn was SFr224m higher.

In an initial capital increase of SFr61.6m, the board proposes to raise the nominal value of the registered and bearer shares from SFr250 to SFr300 and then effect a one-to-three split, creating new shares with a par value of SFr100. Proportionate changes would be made to the non-voting stock with a current nominal value of SFr50.

Holders of two registered or bearer shares would be entitled to buy one new share at a provisional price of SFr1,300. The definite price will be announced at the shareholders' meeting on November 24.

Creation of 154,000 new registered shares with a nominal value of SFr100 will offer shareholders option rights.

Tractebel registers sharp growth

By Tim Dickson in Brussels

TRACTEBEL, Belgium's leading energy, telecommunications and media concern which is now almost 40 per cent owned by Société Générale de Belgique, yesterday announced that profits after provision for taxes and before transfers to reserves had jumped from BFr4.59bn (\$115m) to BFr7.01bn in the first six months of 1989.

The result, after transfers of the proceeds of property disposals, works out at BFr5.87bn against BFr4.34bn.

More than half this growth is attributable to dividends received for the first time on Petrofina shares and the shares of electricity utilities injected into Tractebel as part of the March 1988 capital increase.

This announcement appears as a matter of record only.

28th September, 1989

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CMB PACKAGING

CONSOLIDATED INTERIM RESULTS (UNAUDITED)

	6 months ended 30th June	
	1989 ⁽¹⁾ FrF M	1988 ⁽²⁾ FrF M
Turnover	9021	7202
Pre-tax Profit	615	500
Earnings per share (FrF)	7.0	5.7

(1) 1989 figures comprise 6 months trading of the former Carnaud and 3 months trading of the former Metalbox Packaging.
(2) Pro Forma figures.

FIRST RESULTS SINCE MERGER

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- Pre-tax profit up 23%
- Earnings per share up 23%

A letter to shareholders will be posted on 10th October 1989.

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Belgium.

INTERNATIONAL COMPANIES AND FINANCE

SAS-Swissair partnership takes off

By Robert Taylor in Stockholm

SCANDINAVIAN Airlines System (SAS) and Swissair yesterday confirmed that they have agreed to forge a partnership in preparation for the more liberal, deregulated European airline industry of the 1990s.

Neither side at a joint press conference held in Stockholm and Zurich would give precise details on the financial structure of the new venture, which they claimed was the first of its kind in Europe.

But they said they hoped to have completed a mutual financial engagement during 1990 corresponding to a cross share-ownership in the two concerns of between 5 per cent and 10 per cent.

Mr Jan Carlzon, SAS president and chief executive, said yesterday that what the two companies are calling "the European quality alliance" would "give the Scandinavian market fast, maximum one-stop connections to areas which have so far not been covered by SAS's global traffic system in Africa, the Middle

East and the Indian sub-continent."

For Swissair it means more effective transport alternatives to SAS daily destinations like Tokyo, Peking and Los Angeles. The plan is for the pair to utilize each others' essential networks and develop the feeder system between Scandinavia and Switzerland.

The two companies intend to co-ordinate many of their activities - data telecommunications, hotels, catering, fleet planning, sales and marketing as well as aircraft maintenance and staff training - to make both more cost effective through economies of scale.

A joint executive committee and a project organisation are to be established with responsibility for implementing and developing the traffic system.

However, the final shape of the alliance and its hierarchy has yet to be worked out.

Yesterday, Mr Carlzon admitted that it had been difficult to find the partner in Europe that SAS has been looking for since it launched

its current global strategy five years ago, but he believed that the deal with Swissair would ensure that SAS would indeed be "one of the five" transnational European airline survivors left in 1995 after the current liberalisation in the airline industry.

He made it clear that the alliance with Swissair was an exclusive one and that the partners had committed themselves not to enter into similar deals with other European flag carriers. But Mr Carlzon added that the two companies will go on with their already established partnerships as well as proceeding with any other current talks they are having on co-operative ventures with others.

In a joint statement, the two said they would seek "new joint ventures with non-flag carriers in Europe corresponding to SAS's alliance with Airlines of Britain Holdings."

Swissair is hoping to establish a 10 per cent stake in Austrian Airlines' opening up the east European market.

Mr Carlzon added that Swissair fitted well with SAS because both airlines were in the high quality, high cost business end of the market.

Mr Otto Loeffler, the Swissair president, said that he thought SAS was an ideal partner for his company and that the route networks of both airline companies complemented one another.

The SAS chief executive also took the opportunity yesterday to announce that SAS was entering into a co-operative deal with Caroson, a Chilean private company that has just acquired a 51 per cent stake in Lan Chile, Chile's national airline. Working parties are to be formed with the aim of pinpointing synergies in a wide range of potential joint activity.

To SAS the deal opens up the prospect of a much better air service between Scandinavia and Latin America, specifically Rio de Janeiro. SAS has provided a \$30m loan, convertible into shares to Caroson to help its development.

Paribas's profits go up by 36%

By William Dawkins in Paris

PARIBAS, the privatised French merchant bank, yesterday announced a 36 per cent rise in profits for the first half of the year and predicted the full year surplus would exceed its earlier forecasts.

The group, a big player in France's increasingly active takeover scene, produced a FF1.5bn (\$300m) net consolidated profit for the six months ended June, more than its profits for the whole of 1987, when earnings plunged with the stock market crash.

That compares with FF1.4bn in the first half of 1988, representing a rise in earnings per share from FF226 to 308.

Paribas expects full-year profits to climb by 30 per cent to FF3.45bn, confirming that it has more than regained the 20 per cent annual growth that was the pre-crash norm.

The company said all this latest growth is internally generated, spread virtually evenly across the bank's activities.

Even Paribas's troubled Credit Nord retail bank put in a FF63m profit, its first for several years.

The group's FF1.5bn net profit includes FF1.035bn from the capital account - mainly income from industrial investments and share sales - up from FF720m in the first half of 1988. Profits from rent operations rose from FF576m to FF674m.

Loans to clients rose 21 per cent to FF385bn, while deposits were up by 26 per cent to FF244bn, after a strong recovery in credit demand from corporate and private customers.

Lending margins and the quality of the bank's debt exposure have improved, said Paribas.

New debt provisions on individual and sovereign country risks fell to FF1.96bn, from FF2.19bn at the end of the first half of last year. This comes thanks to Paribas's disposal of \$350m of sovereign debt, mainly by selling them in the secondary market and by arranging credit swaps, part of the bank's continuing efforts to reduce its exposure in Latin America.

Borden plans \$571m streamline

By Anatole Kaletsky in New York

BORDEN, the New York-based food and chemicals conglomerate which has been on an acquisition spree since it reduced its dependence on commodity chemicals in the mid-1980s, yesterday announced a pre-tax charge of \$871m to "streamline and consolidate" its operations.

Borden's announcement was greeted by Wall Street, where the company's share price rose by 1 1/4% to \$36 1/4 in active morning trading.

Borden said its restructuring would represent the second phase of the strategy begun in March 1986, when management decided to expand aggressively in six "strategic growth areas" - dairy products, snacks, pasta, other grocery items, specialty resins and wall coverings.

Since then, the company has

made 77 acquisitions around the world, at a cost of about \$1.5bn. Borden's total sales have grown 60 per cent since the start of the strategic realignment, to an estimated \$7.5bn this year.

Its snack sales have doubled and its pasta sales have tripled. Borden now claims to be the worldwide leader in the pasta, dairy products, wall covering and wood adhesives businesses and to be the world's second-biggest producer of salty snacks. Among its European products are Murphy's potato chips, Airfix glue and Crown wallpaper.

However, its biggest single operation remains US dairy products, a highly regionalised business, in which the profit margins are being whittled away by intense competition. A large part of yesterday's

charges would be allocated to closures and consolidations of smaller and older dairy plants, Borden said.

The restructuring would reduce Borden's current worldwide employment of 46,000 by about 15 per cent in an "orderly and deliberate process" which might take several years to complete. It would improve pre-tax earnings by about \$340m annually by 1993, the company said. Borden's profits in 1988 were \$543m before tax and \$312m net.

The company said that the after-tax cost of yesterday's charge would be about \$404m and would be recorded in its third-quarter results. Excluding this charge, net earnings per share would have shown an increase of about 10 per cent in the quarter, according to Borden.

Sony secures Guber for \$200m

By Anatole Kaletsky in New York

SONY USA announced yesterday that it was paying \$200m, or \$17.50 a share, for Guber-Peters Entertainment, a Hollywood studio which was bought until recently as Barris Industries, a film production company, run by Mr Peter Guber, the man tipped to become head of Columbia Pictures after its acquisition by Sony is complete.

According to Hollywood observers, the Guber-Peters deal is likely to mean the departure of Ms Dawn Steel, president of the studio's movie-making operation, who was brought in two years ago to

Sony secures Guber for \$200m

replace Mr David Puttnam, the British producer. Mr Victor Kaufman, Columbia's chairman, has already said he would be leaving Columbia.

Mr Guber and Mr Jon Peters, his partner, have produced such film successes as *Batman*, *Rain Man* and *The Color Purple*. Columbia's current management, by contrast, have had few big box-office triumphs.

The premium price paid by Sony for Guber-Peters reflects the high value the Japanese company apparently attached to the two film executives. The shares of Guber-Peters, which is 28 per cent owned by its two

principals, traded at \$12 1/2 just before Sony's announcement of the Columbia acquisition.

However, yesterday's announcement seemed to leave a "large legal problem" for Sony still outstanding.

Guber-Peters currently has a production and distribution contract with Warner Brothers which gives Warner the right of first refusal on any film which Mr Guber or Mr Peters produce.

A five-year extension of this contract was signed only a few weeks ago, and Guber-Peters has several films currently under production for Warner.

Earlier two other leading US insurance groups revealed estimated costs relating to damage by the hurricane.

St Paul Companies, the Minnesota insurer, estimates its pre-tax costs will not exceed \$142m. This could reduce third-quarter earnings by as much as 65 cents a share. In last year's third quarter, St Paul earned \$103.4m or \$2.14 a share.

American International Group, the New York-based company, estimates that insured net losses relating to Hurricane Hugo will have a pre-tax impact on third-quarter results in the range of \$35m to \$45m.

The estimated insured damages occurred both in Puerto Rico and the eastern Caribbean islands as well as in the coastal region of the Carolinas.

Cigna faces \$90m Hugo losses

By Our Financial Staff

CIGNA, the big US insurer, expects to take an after-tax charge of about \$90m against third quarter results due to losses from Hurricane Hugo, mostly in Puerto Rico, the Virgin Islands and south-eastern US.

The company said the charge also includes expected reinsurance reinstatement charges. It said it expects to report results on November 2.

NME predicts long term growth

By Our Financial Staff

NATIONAL Medical Enterprises, the Los Angeles hospital management group, lifted first quarter earnings from \$41.1m or 56 cents a share to \$40m or 55 cents, as revenues rose \$142m to \$96.3m, writes our financial staff.

The company said it expects its earnings and revenue

growth to be about 15 per cent in fiscal 1990.

Mr Richard Eamer, the chairman said that Hillhaven, the National Medical subsidiary handling long-term care facilities, is expected to operate at or near break-even for about one year after it is spun off from the parent company.

New Issue
September 29, 1989

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Interest Rate 9 1/8% per annum
Interest Period 29th September 1989
29th December 1989

Interest Amount per U.S. \$1,000 Note due 29th December 1989 U.S. \$23.54

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Mezzanine Capital Corporation Limited

NOTICE TO THE HOLDERS OF THE Bearer Depositary Receipts ("BDRs") evidencing Participating Redeemable Preference Shares of US 1 cent each ("Shares") of Mezzanine Capital Corporation Limited (the "Company")

NOTICE IS HEREBY GIVEN to the holders of the BDRs that Mezzanine Capital Corporation Limited ("the Depository") has received notice from the Company that the Annual General Meeting of the members of the Company will be held at Capital House, Bath Street, St. Helier, Jersey, Channel Islands on Monday, 23rd October, 1989 at 11.00am, for the purpose of considering and voting on the following matters:

- To receive and consider the Accounts and Balance Sheet and Reports of the Directors and Auditors for the year ended 31st May, 1989.
- To declare a final dividend of US\$0.2500 per Participating Redeemable Preference Share to be payable on Tuesday, 24th October, 1989.
- To appoint Messrs. Price Waterhouse as Auditors of the Company and to authorize the Directors to do their remuneration.
- As Special Business, to consider and if thought fit, pass the following resolution which will be proposed as an ordinary resolution: "That, for a period ending on the date of the next Annual General Meeting of the Company, the Company be and is hereby authorized to make equity or other investments in any company in which any of M. M. Halpern, J. L. Katz and A. Schacter have invested or propose to invest, provided that the aggregate amount of such investments made by the said Directors in any one company does not exceed 5% of the aggregate amount of the Company's investment in such company, and provided that such investment shall be made in accordance with the instructions of the said Directors shall not be subject to account to the Company for any profit or dividend thereon. Such Authority shall allow and enable the Company to agree to make any such investment during the said period notwithstanding that the investment shall not be made until after the expiry of the said period."
- To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

BDR holders have the right to attend and speak at the Annual General Meeting but not themselves to vote thereat. BDR holders may however instruct the Depository as to the exercise on their behalf of the voting rights attributable to the shares evidenced by the BDRs which they hold.

Instructions as to voting must be given either to the Depository or to a Paying Agent, Codel or Surety (a "Paying Agent") in writing not later than Monday, 18th October, 1989 and must be accompanied by the BDR in respect of the Shares for which such instructions are given. The Depository or relevant Paying Agent must be satisfied that such BDR is held in a blocked account to its order until after Monday, 23rd October, 1989. Voting instructions may be obtained from any Paying Agent.

On deposit of a BDR with or to the order of a Paying Agent the holder thereof may obtain a receipt which will entitle him to attend and speak at the Annual General Meeting. BDRs deposited with or to the order of a Paying Agent will not be released until the first to occur of (a) the conclusion of the above-mentioned meeting or any adjournment thereof or (b) the transfer to the Paying Agent, or less than 48 hours before the time for which such meeting or any adjournment thereof is convened, of the receipt issued by the Paying Agent in respect of such deposited BDR which is to be released or the BDR or BDRs ceasing with its agreement to be held to its order. The Paying Agent shall promptly give notice to the Depository of such surrender or release.

Copies of the Company's Annual Report may be obtained from any of the Paying Agents listed below and Euroclear and Codel.

Depository and Principal Paying Agent: Mezzanine Capital Corporation Limited, Manufacturers Hanover Bank (Guernsey) Limited, St. Peter Port, Guernsey, Channel Islands

Paying Agents:
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Manufacturers Hanover Trust Company, Edinburgh Tower, 43rd Floor, 15 Queens Road Central, Hong Kong
Manufacturers Hanover Trust Company, Stoddenstrasse 33, 9007 Zurich, Switzerland
Morgan Guaranty Trust Company of New York, 14 Place Vendôme, 75001 Paris, France

St. Peter Port, Guernsey
Dated 29th September, 1989

by: Manufacturers Hanover Bank (Guernsey) Limited
Depository

GLOBAL GOVERNMENT PLUS FUND LTD
INTERNATIONAL DEPOSITARY RECEIPT

issued by
Morgan Guaranty Trust Company of New York

On September 21, Global Government Plus Fund has announced that it will pay USD 1,750 for each common share validly tendered pursuant to the offer made by Global on August 2, 1989 to purchase up to 20% of its issued and outstanding common shares. The purchase price represents net asset value per share of Global Government Plus Fund Limited as at September 12th, 1989. Payment of the purchase price shall be made in accordance with the terms and will be subject to the conditions of the offer.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
BRUSSELS OFFICE

GREECE FUND LIMITED
INTERNATIONAL DEPOSITARY RECEIPT (I.D.R.)

issued by
Morgan Guaranty Trust Company of New York

evidencing 1000 participating shares of USD 0.01 each

1) NOTICE OF ANNUAL GENERAL MEETING
Notice is hereby given that the First Annual General Meeting will be held at Waterloo House, Don Street, St. Helier, Jersey, Channel Islands on Wednesday, 13th October 1989, at 11.00am, and, if thought fit, adopt the following resolution: Receive the report of the Directors, the accounts for the period ended 30 June 1989 and the report of the Auditors thereon. To reappoint Cooper and Lybrand as auditors of the company. To authorize the Board to agree with the auditors a sum to cover their remuneration.

VOTING ARRANGEMENTS FOR IDR-HOLDERS
IDR-Holders who wish to vote must follow the following procedure: IDRs - Holders must deliver the IDRs to the Depository at the address given below (attention: Securities Department - telephone 33-2-508.84.49 - telex 21752 MORBK B), instruct the Depository as to the manner in which votes should be cast, and indicate to whom the IDRs should be returned after the meeting. IDR-holders who wish to vote are also requested to transfer to Morgan Guaranty Trust Company of New York, New York, for account 670-01-422 of Morgan Guaranty Trust Company of New York, Brussels, a fee of USD 10,- per IDR in respect of which a vote is cast. The IDRs will be returned, after conclusion of the meeting and payment by the IDR-holders of the above fee.

2) A dividend of 4.5 cents per share will be paid on 03 November 1989 (subject to confirmation at the Annual General Meeting). Copies of the Annual report are available to holders of depositary receipts and to the public at the company's place of business in England: Old Jewry, London EC2R 8ES or at Morgan Guaranty Trust Company of New York, Brussels office, 33 Avenue des Arts, 1040 Bruxelles.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
1040 BRUXELLES

NOTICE TO THE WARRANT HOLDERS OF
SUMITOMO CEMENT CO., LTD.

U.S. \$100,000,000
3 1/2% Guaranteed Bonds 1992

With Warrants to subscribe for shares of Common Stock of Sumitomo Cement Co., Ltd.

Pursuant to Clause 4 (b)(ii) of the Instrument dated 21st July, 1988 (the "Instrument") relating to the above-captioned warrants (the "Warrants"), notice is hereby given as follows:

On 21st September, 1989, Sumitomo Cement Co., Ltd. (the "Company") issued, in accordance with the resolution of its Board of Directors adopted at a meeting held on 1st September, 1989, 30,000,000 new shares of its common stock by way of public offering in Japan at the price of Yen 870 per share. Consequently, the Subscription Price (as defined in the Instrument) with respect to the Warrants has been adjusted in the manner as set forth below pursuant to Clause 3 (vi) of the Instrument.

Subscription Price before adjustment: Yen 700.00
Subscription Price after adjustment: Yen 637.50
Effective date of adjustment: 21st September, 1989.
Japan time

SUMITOMO CEMENT CO., LTD.
By: The Sumitomo Bank, Limited
as Principal Paying Agent

29th September, 1989

U.S. \$75,000,000

Comerica Incorporated

Floating Rate Subordinated Capital Notes Due 1997

Interest Rate 9 1/8% per annum
Interest Period 29th September 1989
29th December 1989

Interest Amount per U.S. \$50,000 Note due 29th December 1989 U.S. \$1,161.20

Credit Suisse First Boston Limited
Agent Bank

U.S. \$100,000,000

GW Overseas Finance N.V.

Guaranteed Floating Rate Notes Due 1994

Unconditionally guaranteed by

GW

Great Western Financial Corporation

Interest Rate 9 1/8% per annum
Interest Period 28th September 1989
28th March 1990

Interest Amount per U.S. \$10,000 Note due 28th March 1990 U.S. \$458.78

Credit Suisse First Boston Limited
Agent Bank

WEST MIDLANDS

The Financial Times proposes to publish a Survey on the above on

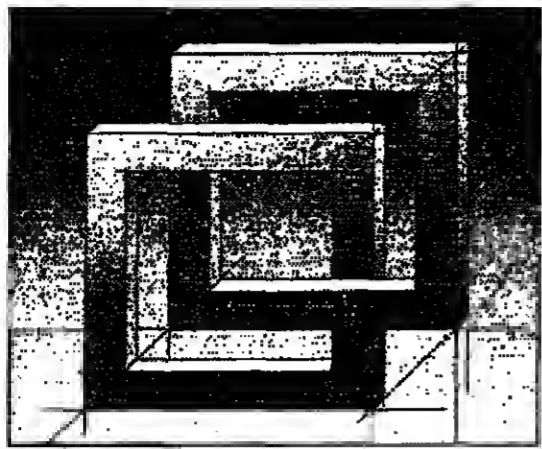
18TH OCTOBER 1989

For a full editorial synopsis and advertisement details, please contact:

ANTHONY G. HAYES
on 021-454-0922
or write to him at:
George House, George Road
Edgbaston, Birmingham
B15 1PG

FINANCIAL TIMES
LONDON & BIRMINGHAM

Interim Report as of June 30, 1989



The full Interim Report on the development of our bank's business from January 1 to June 30, 1989 is available. If you wish to receive the report, please contact us (Frankfurter Hypothekbank AG, Postfach 10 08 48, D-6000 Frankfurt a. M. 1), stating the number of copies required.

Frankfurt am Main, August 1989
The Board of Managing Directors

Frankfurter Hypothekbank

Notice of Stolen Bonds
Hercules Inc.
ECU 10 1/4% Bonds
Due 1992

NOTICE IS HEREBY GIVEN that certain certificates for the Hercules Incorporated 10 1/4% ECU bonds due 1992, were stolen in London in March 1988 while in transit from the printer to the trustee. These certificates, bordered in red and numbered B-0001 through B-4502, were not authenticated by the trustee, Marine Midland Bank NA, and are invalid. Stolen certificates were replaced by blue bordered bonds.

HERCULES INC.
Dated: September 29, 1989

Issue of up to
U.S. \$360,000,000
Elders DL Treasury
(Australia) Limited
Subordinated Guaranteed
Floating Rate Notes due 1995
Guaranteed as to Principal
and Interest by
Elders DL Limited

For the interest period September 29, 1989 to March 29, 1990 the Notes will carry an interest rate of 9.8825% per annum. The interest payable on the relevant interest payment date, March 29, 1990 will be U.S. \$4,958.66 per U.S. \$100,000 nominal amount.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
September 29, 1989

INTERNATIONAL COMPANIES AND FINANCE

Race to dominate world tyre market
John Griffiths examines the fortunes of the big six producers

On the surface, Michelin's \$1.5bn takeover of Uniroyal Goodrich of the US, to be completed by early next year, marks the final stage of a world tyre industry rationalisation during the 1980s which has left more than 80 per cent of total sales in the hands of just six large producers.

The lacklustre Uniroyal Goodrich, formed out of the troubled tyre operations of Uniroyal Tire and B.F. Goodrich nearly four years ago and owned by Wall Street turn-around specialists Clayton & Dubilier since early last year, was widely perceived as the last leading tyre company with an obvious "for sale" tag on it.

Yet the acquisition which has made Michelin indisputably the world's largest tyre-maker is very unlikely to allow the \$45bn-a-year industry to settle more comfortably into a new world order.

It seems certain to provoke some further response from Bridgestone of Japan, whose public declaration that it intends to wrest world leadership from western producers - made at the time of its \$2.6bn purchase of Firestone Tire and Rubber of the US last year after outbidding both Michelin and Italy's Goodyear Pirelli - now has a holey ring.

Mr Goodyear Tire and Rubber, with whom Michelin has been neck-and-neck for the past three years, worriedly contemplating the much-expanded presence in its own backyard of a foreign group which has picked up a stroke, the lion's share of supplies to General Motors, the world's largest vehicle maker. And it has left the next two largest players, Continental of West Germany and Pirelli, anxiously assessing to what extent they might find themselves further disadvantaged by their relative lack of size, and what they can do about it now that Uniroyal Goodrich has passed beyond their reach.

It is a concern which is



Mr Ludovico Grandi back on the acquisitions trail

intensified by the rapid globalisation of the motor industry itself, requiring the leading players in the tyre sector to have significant manufacturing presences in all the world's main vehicle-producing regions.

In spite of its own acquisition of General Tire of the US at the end of 1987, which virtually doubled its tyre sales, Continental's tyre sector turnover, at around \$3.4bn, remains well under half the nearly \$8bn a year of Bridgestone and Firestone's annual sales of \$1.5bn are included in the Japanese company's total.

Mr Gunther Sieber, head of Continental's sales and marketing, makes no secret of the fact that "we want to close the gap" to the largest producers and that "more selective acquisitions in strategic regions cannot be ruled out".

Pirelli's tyre turnover is marginally smaller than Continental's at just more than \$6bn - although tyre account for an unusually low half-share of the Italian group's total business.

Both, like Michelin, have strong incentives to continue to seek a much larger foothold in North America, which absorbs between a third and 40 per cent of world tyre output, but where their presence until

recently has been minimal. While Continental's acquisition of General Tire has been helpful in this respect, giving it nearly 20 per cent of original equipment supplies to General Motors, for example, Pirelli remains more of an outsider.

This is in spite of its purchase of Armstrong and its current \$250m investment programme in what is now the Pirelli Armstrong Corporation, under which Armstrong will produce Pirelli - as well as its own-branded tyres - part of the problem being that Armstrong itself has only a small presence in the US road vehicles sector, until now having mainly made tractor tyres.

Goodyear's concern is exacerbated by its own reduced ability to respond to the "invasion" of the US industry.

It is still wrestling to reduce the \$2bn-plus debt burden it incurred a little over two years ago in fighting off financier Sir James Goldsmith's corporate raiders.

In this weakened state it has been struggling to sustain required heavy investment in research and development and in new manufacturing technology, while having to cut back sharply on costs.

All this comes against a background of falling unit sales for Goodyear in North America and some other misfortunes which have combined to slash its profits by nearly 50 per cent in the first half of this year.

Many industry eyes, however, will be looking to Pirelli as the likely catalyst for a further round of restructuring of the industry, for even Pirelli executives concede that the Armstrong acquisition, for a mere - by tyre industry standards - \$150m, has secured compensation for being outbid for Firestone by Bridgestone.

Since the Armstrong acquisition, Pirelli has also had its hands full with a major internal restructuring of its own,

under which it has regrouped all its world tyre operations into a new, Dutch-registered holding company, Pirelli Tyre Holding NV.

But that Pirelli was prepared to bid up to \$1.9bn for Firestone and that - as Mr Ludovico Grandi, chairman and chief executive of the management board of Pirelli's world tyre operations, readily acknowledges - a prime purpose of issuing 8m new shares in Pirelli through the Amsterdam flotation in July was to obtain finances for further expansion. Pirelli itself looks to be back on the acquisitions trail just as soon as the dust has settled from its complex restructuring.

One seemingly obvious approach, and suggested as at least a possibility by some tyre industry observers, would be for Continental and Pirelli to merge to create a European group. This, at a stroke, would match in size even the enlarged Bridgestone.

So far, however, it is a course for which neither Mr Grandi nor senior Continental executives are showing any apparent enthusiasm.

As far as Pirelli is concerned, "one should not over-estimate the advantages that can be gained from size", insists Mr Grandi.

"We are not obsessed by it and in any case we are well above the critical size needed to be viable".

However, while Pirelli "does not anticipate" any tie-ups with Continental "we are talking with many people in Europe and the Far East", according to Mr Grandi.

With several other smaller but no less aggressive Japanese companies apart from Bridgestone also looking to expand and acquire a more global presence - not least Sumitomo of Japan, which now embraces Dunlop tyre marque, and Yokohama - it is inevitable that some of the smaller Western companies must now start looking anxiously over their shoulders.

U.S. \$200,000,000
CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.
(Incorporated with limited liability in the Netherlands Antilles)
GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994
Guaranteed on a Subordinated basis by
Continental Illinois Corporation
(Incorporated with limited liability in Delaware, USA)

In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1989, notice is hereby given that the Rate of Interest has been fixed at 9.25% p.a. and that the interest payable on the relevant interest payment date, December 29, 1989 against Coupon No. 30 will be U.S.\$233.82 in respect of U.S. \$100,000 nominal amount of the Notes.

September 29, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

AMERICAN EXPRESS BANK
U.S. \$100,000,000
Floating Rate Subordinated Capital Notes Due 1997

Notice is hereby given that the Rate of Interest has been fixed at 9.1875% and that the interest payable in respect of U.S. \$100,000 principal amount of Notes for the period September 29, 1989 to December 29, 1989 will be US\$232.24.

September 29, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

U.S. \$200,000,000
Banco di Santo Spirito S.p.A.
(Incorporated with limited liability in the Republic of Italy)
London Branch
Floating Rate Depository Receipts due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from September 29, 1989 to March 30, 1990 the Notes will carry an Interest Rate of 9% per annum. The interest payable on the relevant interest payment date, March 30, 1990 will be U.S. \$455.00 for Notes in denominations of U.S. \$10,000 and U.S. \$4,550.00 for Notes in denominations of U.S. \$100,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank **CHASE**
September 29, 1989

U.S. \$60,000,000
MANUFACTURERS NATIONAL CORPORATION
Manufacturers National Corporation
(Incorporated in the State of Delaware)
Subordinated Floating Rate Notes due September 1996
Issue Price 100%

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from September 29, 1989 to March 30, 1990 the Notes will carry an Interest Rate of 9 1/4% per annum. The interest payable on the relevant interest payment date, March 30, 1990 will be U.S. \$470.80 for Notes in denominations of U.S. \$10,000 and U.S. \$11,769.97 for Notes in denominations of U.S. \$250,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank **CHASE**
September 29, 1989

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U.S. \$500,000,000
CITICORP
(Incorporated in Delaware)
Subordinated Floating Rate Notes Due January 30, 1998

Notice is hereby given that the Rate of Interest has been fixed at 9.1375% and that the interest payable on the relevant interest payment date, October 31, 1989 against Coupon No. 45 in respect of US\$10,000 nominal of the Notes will be US\$51.22.

September 29, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

HOMES FOR SALE IN LONDON
appear every Saturday in the Weekend FT.

For advertising information please call Lesley Proctor on 01-873 4896 or Carol Haney on 01-873 4935.

CHEMICAL NEW YORK CORP.
U.S. \$300,000,000
FLOATING RATE SENIOR NOTES DUE 1999

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 29 September, 1989 to 31 October, 1989 the Notes carry an interest rate of 9 1/4% per annum.

The interest payable on the relevant interest payment date, 31 October, 1989 against coupon No. 50 will be US\$81.11 per US\$100,000 Note.

AGENT BANK
CHEMICAL BANK

U.S. \$400,000,000
BankAmerica Corporation
Floating Rate Subordinated Capital Notes Due 1996
(originally issued by BankAmerica Overseas Finance Corporation N.V.)

Interest Rate 9 3/4% per annum
Interest Payment Date 29th December 1989
Interest Amount per U.S. \$50,000 Note U.S. \$1,167.20

Credit Suisse First Boston Limited
Agent Bank

KLEINWORT BENSON FINANCE B.V.
US \$150 million Floating Rate Notes 1996
(US \$100,000,000 having been issued as the initial and Sole Tranche) of
KLEINWORT BENSON LONSDALE plc
(which was substituted for Kleinwort Benson Finance B.V. as the principal debtor on 11th March 1985)

For the six months 29th September 1989 to 30th March 1990, the Notes will carry a Rate of Interest of 9 1/4% per annum with a Coupon Amount of US \$467.64

CHEMICAL BANK
Agent Bank

REPUBLIC OF FINLAND
U.S. \$100,000,000 Floating Rate Notes Due 1990

Notice is hereby given that the interest payable on the interest payment date, October 31, 1989 for the period April 25, 1989 to October 31, 1989 against Coupon No. 9 in respect of U.S. \$10,000 nominal of the Notes will be U.S. \$44.23.

September 29, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

Bond's HK arm registers HK\$1,935bn

By Michael Murray in Hong Kong

BOND CORPORATION International (BCIL), the Hong Kong-based subsidiary of Mr Alan Bond's diversified business empire, has reported attributable profits of HK\$1,935.5bn (US\$247.5bn) for the year ended 30 June, but will not be paying a final dividend, since substantial profits from asset sales have already been distributed to shareholders in the form of special dividends.

BCIL helped out its cash strapped parent in May with the sale of its flagship Bond Centre office building in Hong Kong's central financial district, and distributed the proceeds to shareholders in two special dividends of 70 cents and 40 cents respectively.

Bond Corporation Holdings' 66 per cent stake meant that it received about HK\$970m of the HK\$1.47bn payout.

An interim dividend of six cents per share had previously been paid at the half-way stage, when profit figures included the December 1988 sale of the company's 30.35 per cent stake in HK-TVB, the local television station.

Included in the full-year accounts are BCIL's HK\$71.8m share of TVB profits and HK\$193.5m in profits from the sale. After these asset disposals, BCIL's main source of income is its 45 per cent holding in the Chile Telephone Company, which contributed HK\$95.5m in profits for the first half, and HK\$245.5m for the six months to 30 June.

In July the company completed the US\$10.5m acquisition of an 85 per cent stake in the Huizhou Brewery in China, finalising the joint venture agreement on July 22 at which date the Huizhou Brewery Company became a group subsidiary. BCIL's other main interest is its 50 per cent holding in a leading property development in Italy, near Rome.

Brierley profits increase 38%

By Terry Hall in Wellington

BRIERLEY INVESTMENTS yesterday announced a 38 per cent lift in tax-paid profits to NZ\$365.46m (US\$219m) for the year to end-June. Mr Paul Collins, the chief executive, said this was proof that the group had successfully restructured itself after the 1987 share market crash and was ready for new international opportunities.

Mr Collins said that capital funds were over NZ\$4bn on total assets of NZ\$3.5bn, creating "a phenomenally strong position and the best balance sheet the company has had."

A huge amount of research was gone into finding opportunities in Britain, the US and Australia.

The company's goal was wealth accretion and most of its New Zealand assets were in mature trading companies. Investments contributed only NZ\$110.58m out of the NZ\$406.98m gross profit that the company earned in New Zealand.

In contrast, the UK operations earned NZ\$264.32m from investments, compared with NZ\$116.73m from trading.

The British portfolio was basically a diversification of risk and had stood the company in good stead, while the New Zealand market had gone through a troubled period since 1987.

At yesterday's briefing, Sir Ronald Brierley, the retiring chairman, said that the purchase from the New Zealand Government of 65 per cent of Air New Zealand's capital had been the main event of the year.

This stake is being reduced to 35 per cent by a public issue. He said the airline has an expected market capitalisation of about NZ\$750m.

Sir Ronald said that the Hong Kong subsidiary, Industrial Equity Pacific, was doing well, although much of its profit came from sales such as Calsonic and Ultramar during the year. These gains appeared to be one-offs, representing investment and management input that had been largely unrewarded in earlier years.

"This emphasises IEP's long-term strategy, which is identical to that of Brierley Investments at a similar stage of its development in the 1970s," Sir Ronald said.

Mr Collins said that in spite of the sales of Brierley's stake in the group would continue to be a force in the Australian market. It needed a presence in Australia as many New Zealand trading company operations were centred there and Australia was a leading capital market close to home.

He added that Sir Ronald had a special knowledge and understanding of the market.

The lift in profits from last year was achieved on a lower gross revenue of NZ\$6.16bn (NZ\$7.11bn last year) and in spite of a higher income tax bill of NZ\$481m (NZ\$50.97m).

The profit before tax was NZ\$665.77m (NZ\$513.44m). Minority interests contributed NZ\$219.29m (NZ\$205.98m). Equity earnings were nil (NZ\$3.3m last year).

Earnings per share after tax were 21.9 cents (17.3 cents) on an annual basis and net tangible asset backing per share was NZ\$1.85 (NZ\$30).

MORTGAGE SECURITIES (No. 2) PLC
U.S. \$250,000,000
MORTGAGE BACKED FLOATING RATE NOTES DUE 2008

For the interest period 27th September, 1989 to 15th December, 1989 the Notes will bear interest at 14.45% per annum.

Interest payable on 15th December 1989 will amount to £3,123.21 per £100,000 Note.

Agent Bank
Morgan Guaranty Trust Company of New York
London

CVAS LIMITED
U.S. \$100,000,000
Secured Floating Rate Notes due 1992

Interest Rate 9.2525% p.a. Interest Period September 29, 1989 to March 30, 1990. Interest Payable per US\$100,000 Note US\$47.82.

September 29, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

NOTICE TO BONDHOLDERS
COMPAGNIE BANCAIRE
YEN 10,000,000,000 8.50% SERIES A
BONDS DUE 1990

Notice is hereby given that according to Clause 9 of the Terms and Conditions of the Bonds, the Bondholder's Option has been exercised on the aggregate amount of the issue.

This means that all the outstanding Series A Bonds (the "Bonds") have been exchanged for Series B ("B Bonds") and therefore the "B Bonds" will no longer be listed on the Luxembourg Stock Exchange.

The B Bonds are not listed.

On behalf of the issuer
BANQUE PARIBAS LUXEMBOURG

FIDELITY WORLD FUND
Société d'Investissement à Capital Variable
Luxembourg, 5 Boulevard de la Foire
R.C. Luxembourg B 9.497

DIVIDEND NOTICE

At the Annual General Meeting held on September 26, 1989, it was decided to pay a dividend of US \$ 0.24 (twenty four cents) per share on or after October 18, 1989 to shareholders of record on September 27, 1989 and to holders of bearer shares upon presentation of coupon No. 14.

Paying Agents : **COMPAGNIE FIDUCIAIRE**
5, boulevard de la Foire
L-1528 LUXEMBOURG

KREDIETBANK S.A. Luxembourg
43, boulevard Royal
L-2955 LUXEMBOURG

Westpac Banking Corporation
(Incorporated with limited liability in the State of New South Wales, Australia)

U.S. \$500,000,000 Perpetual Capital Floating Rate Notes

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 29th September, 1989 to 30th March, 1990 the Notes will carry an Interest Rate of 9.2125 per cent. per annum. The Interest Amount payable on the Interest Payment Date which will be 30th March, 1990 is U.S. \$465.74 for each Note of U.S. \$10,000 and U.S. \$11,643.58 for each Note of U.S. \$250,000.

Morgan Guaranty Trust Company of New York
Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

Koor records profit after setting aside Tadiran loss

By Hugh Carnegie in Jerusalem

KOOR INDUSTRIES, Israel's heavily indebted industrial group, yesterday set aside mounting losses in its biggest subsidiary to report an interim profit for the rest of the group.

As expected, Koor accounted separately a \$78m first-half loss at Tadiran, a maker of military communications equipment and consumer electrical goods which Koor now intends to sell.

This play freed Koor to present an upbeat set of figures in which there was a first-half operating profit of \$16.5m. There was a pre-tax profit of \$110m, compared with a loss in the same period of 1988 of \$131m.

Earnings at Canal + up 28% at halfway

By William Dawkins in Paris

CANAL +, Europe's leading pay television station, yesterday unveiled a 28 per cent increase in group net profits for the first half of the year.

Total revenues, mostly made up of rental fees for the decoders needed to receive Canal + programmes, rose by 15 per cent, from FF2,201m (\$330m) in the first half of 1988 to FF2,731m in the six months to June.

Canal +, which was Europe's first pay television channel when it started broadcasting in 1984, had 2.7m subscribers by the end of June and is expected to have 2.8m by the end of this year.

The Paris-based broadcaster's net profits meanwhile climbed from FF1,317m to FF1,956m for the first half. At the pre-tax level, profits rose from FF1,758m to FF2,633m.

The group predicted that total revenues in the full year would rise 13 per cent, to FF4,020m against FF3,520m in 1988, though profits will rise less steeply in the current six months because programming costs are usually higher in the second half.

Cerus net profit jumps to \$113m

CERUS Europennes Reunies (Cerus) announced yesterday that its consolidated net profit jumped to FF712m (\$113m) in the first half of 1989 from FF712m a year earlier and FF732m for all of 1988.

The French financial holding company didn't provide additional details on the first-half earnings, other than that they included the first-time contribution of recently acquired merchant bank Dumont-Leblanc, which had consolidated net profit of 187 million francs.

The group's main units had strong first-half earnings, especially auto parts group Valeo SA and Belgian holding company Societe Generale. Cerus also had a non-recurring gain of FF220m in the first half from an initial public offering by Yves Saint-Laurent.

Margins tighten at Montedison

By John Wyles in Rome

MONTEDISON, the Italian chemicals company controlled by Mr Raul Gardini's Ferruzzi group, last night reported a 24 per cent drop in six months net consolidated operating income to L2,822m (\$207m) on sales to L2,822m (\$207m) in figures which were 14 per cent higher at L3,140m.

However, an extraordinary gain through the transfer of Montedison's basic chemicals business to the Enimont joint venture raised net income to L1,022m. On a directly comparable basis, the profits compared with L3,730m last year.

Koito accuses Pickens of link with Japanese raider

By Stefan Wagstyl in Tokyo

KOITO MANUFACTURING, the Japanese car components company, yesterday went on the attack in its battle with Mr T. Boone Pickens, the Texan corporate raider who has taken a 10-per-cent stake in Koito.

Koito accused Mr Pickens of appearing to be in league with Mr Kitano Watanabe, a Japanese corporate raider, who twice last year tried to force Koito to arrange a buyback of his shares at a premium.

Mr Watanabe's Azabu group accumulated at least 20 per cent of Koito before selling in March a 20.3 per cent stake to Boone Co, an investment group run by Mr Pickens. Earlier this month Mr Pickens announced plans to increase his stake to 25 per cent by buying more shares from Azabu.

In a letter to Mr Pickens, circulated to journalists by Koito's lawyers, Koito asked Mr Pickens to clarify his relationship with Mr Watanabe. The letter pointed out that Mr

Pickens' refusal to do so has prompted widespread speculation that his purchases are covered by a repurchase agreement.

"I am sure you recognise that, whatever your intentions, your continued alliance with Mr Watanabe and your refusal to disclose the terms of your arrangements with Azabu appear to place you in direct contact with a shareholder who has sought to greenmail the company or its shareholders," said the letter signed by Mr Takao Matsura, the Koito president, and drafted with the help of US investment bankers working for Nomura Wasserstein Perella, Koito's adviser.

The letter indicated that Koito would not obstruct Mr Pickens' plan to call for an extraordinary general meeting. Mr Pickens has said he wants such a meeting to discuss his demands for an increase in dividends and for four seats on the board. He is asking for four

because Toyota Motor, previously Koito's largest shareholder with a 19 per cent stake, nominates three directors.

Under Japanese law a shareholder with a substantial holding can call a meeting after being on the register for six months. In Mr Pickens' case, the probationary period ends this month.

However, Koito warned that Mr Pickens can expect few concessions on the substance of his demands because of his own reputation as a corporate raider in the US and Mr Watanabe's as a greenmailer in Japan. Mr Pickens' planned purchase of additional shares will however increase the pressure on Koito by raising to 25 per cent the proportion of shares held by the top 10 shareholders. This will increase the risk that the Tokyo Stock Exchange might delist the company's shares on the grounds that there is too little stock in free circulation.

Chemie to shed pharmaceuticals

By Peter Marsh

CHEMIE HOLDING, the biggest Austrian chemicals company, plans to sell its pharmaceuticals division for a targeted price of about £200m (\$325m).

The company, which is state-owned but is in the process of being privatised, also plans to step up its investments in plants outside Austria, where virtually all its production is currently sited.

Mr Peter Apfalter, chairman-designate of Chemie Holding, said yesterday in London that these measures would enable the company to concentrate on its core businesses and to move more quickly into the large markets of the US and the European Community. Chemie Holding, which until

recently was called Chemie Linz, is a medium-sized chemicals group with sales last year of AS11.2bn (\$845m). It is part of the state-owned OIAG industrial holding company which is scheduled for at least partial privatisation over the next three years.

Mr Apfalter is head of Chemie's chemicals division and takes over as group chairman in January.

He said Chemie had decided to withdraw from pharmaceutical sales and developments as part of a plan to consolidate its interests in specialist chemicals such as high-value materials used in drug production. He said Chemie had already discussed the possible sale of its drugs division with a number of large pharmaceutical groups in Europe, the US and Japan.

The unit, which has annual sales of about AS2bn, sells a large range of products for treatments including heart disease, nervous disorders and arthritis.

It occupies a low ranking in the world drugs industry, but might be of interest to large health-care groups interested in building up sales in Austria and neighbouring countries in Eastern Europe. Chemie, whose other activities include sales of plastics and fertilisers, was anxious to build up production in other countries, especially in the US and European Community, said Mr Apfalter.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: US DOLLAR STRAIGHTS, Yield, Change at, Closing prices on September 28. Lists various international bonds like Canada 5 1/2, Eurofins 1995, etc.

Table with columns: DEUTSCHE MARK STRAIGHTS, Yield, Change at, Closing prices on September 28. Lists various German bonds like Austria 6 1/2, etc.

Table with columns: SWISS FRANC STRAIGHTS, Yield, Change at, Closing prices on September 28. Lists various Swiss bonds like Airfrance 5 1/2, etc.

YUASA BATTERY CO., LTD. U.S.\$150,000,000 3 3/4 per cent. Guaranteed Bonds due 1993 with Warrants to subscribe for shares of common stock of Yuasa Battery Co., Ltd. The Mitsui Bank, Limited

BRIERLEY INVESTMENTS LIMITED 1989 HIGHLIGHTS to 30 June 1989 RECORD PROFIT £135 million STRONGEST EVER FINANCIAL POSITION Capital Funds: £1,620 million Net Debt/Capital Funds: 67.2% SHARE PRICE OUTPERFORMING MARKET Compound rate of return 1985-89: 26% SIMPLIFIED FINANCIAL STRUCTURE

INTERNATIONAL CAPITAL MARKETS

Malaysia in \$200m Euro-debut

By Andrew Freeman

NEW ISSUE ACTIVITY expanded on Eurobond markets yesterday, with a debut fixed-rate dollar deal for Malaysia attracting most attention from syndicate officials.

The \$200m seven-year deal was launched by Goldman Sachs with a 9 1/4 per cent coupon and was priced at 101 1/2

INTERNATIONAL BONDS

yield some 103 basis points over the equivalent US Treasury

Goldman reported strong demand for the paper, and was quoted as saying the bid, a discount of 1 1/4 points to the issue price.

Proceeds are unwrapped. Traders said the deal was sold very quickly, with Far Eastern investors dominating orders.

There was comment that the pricing did not leave enough room for asset swapping.

US Treasuries slow in lacklustre trading

By Karen Zagor in New York and Rachel Johnson in London

THE DEBT market was essentially flat yesterday with US Treasury bonds moving in a narrow range in lacklustre trading.

In late trading, the Treasury's benchmark 30-year bond was down 1/4 point at 98 1/2, yielding 8.25 per cent. At the

GOVERNMENT BONDS

short end of the yield curve, the three year issue was down 1/4 point at 98 1/2, yielding 8.43 per cent.

The dollar remained resilient in the face of concerted central bank selling for a fourth consecutive day.

In afternoon trading the dollar was quoted at 170.55 and DML 88.14, marginally above its levels late Wednesday in New York of 170.32 and DML 88.05.

The market expects the West German Bundesbank to hike

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, Amount m., Coupon %, Price, Maturity, Fees, Book runner. Includes entries for US DOLLARS, Yen, and Euro issues.

for which is still perceived as a maturing credit. Other houses are thought to have bid for the mandate at levels which would have allowed asset swaps at around 25 basis points over Libor.

Banks Trust launched a \$100m five-year deal for GMBS International No.3, a special-purpose vehicle backed by a pool of mortgages originated by the Town & Country Building Society in Western Australia.

The bonds carry the guarantee of Financial Security Assurance.

The launch spread over Treasuries was 85 basis points, large enough to attract demand mainly from Japan, Switzerland and the UK.

The bonds were trading around fees at 100.15 bid. Proceeds were swapped into floating US dollars and then on into Australian dollars.

Two three-year Euro deals were issued, driven by a wide opening of the swap window over recent days.

CSFB brought an Ecu100m deal for Du Pont, while in the afternoon BNP Capital Markets

issued an Ecu100m deal for its parent bank. Both the deals were trading on fees at less than 1% bid.

Traders said demand for the paper was slow, as the deals were competing with existing unplaced bonds in what has become a very soggy market.

While the pricing on the deals was described as aggressive, retail demand should eventually soak up the paper.

Neither lead manager would comment on swap activity, but it is understood the proceeds were swapped into US dollars.

the debt market, unless it is widely out of line with the expected increase of 0.3 per cent.

Wall Street is now waiting for Monday's purchasing managers' survey.

THE UK government bond market was troubled by sterling's performance on the foreign exchanges.

Although most of the market was confident that the Chancellor would avoid any tinkering with base rates ahead of next month's Conservative Party conference, gilt came in for short selling.

PRICES in the German government bond market opened slightly firmer after Wednesday's slide, with bonds at the longer end fixed ten to 15 pips higher.

A flip was created by dealers covering short positions, but, generally, the market remained subdued.

NatWest offers cash to owners of \$500m FRNs

By Andrew Freeman

NATIONAL Westminster Bank has launched a cash offer to all holders of \$500m worth of perpetual floating-rate notes (FRNs) issued in 1984 by its financing subsidiary, The FRN Trust.

The offer is to replace the FRNs, which qualify as lower Tier II capital under Bank of England rules, with a perpetual variable-rate note (VERN) issue.

VERNs carry terms which meet the Bank's requirements for upper Tier II capital. They will be the first sterling-denominated VERNs.

Merrill Lynch International is the arranger of the offer, which is open until 6 November. The deal is conditional upon acceptances being received for at least \$100m of FRNs.

The price for the FRNs is 98 1/2 per cent of their principal amount, well above the notes recent market level of around 94 points.

While the offer is clearly attractive to note holders, some of them have used their holdings for long-term swaps and may have difficulty undoing their positions.

The expected terms on the new VERNs have been indicated. The notes will have an initial margin over three-month sterling Libor of around 1/2 point, with alternative margins of 75 basis points for the first 15 years and 125 basis points thereafter.

Mees & Hope in joint venture

BANK MEES & HOPE, the Dutch merchant bank, is establishing a joint venture in the Channel Islands with the Jersey-based Ermitage fund management company.

The new company Ermitage Mees & Hope will provide services to private clients including international investment management, trust services, fund administration and insurance services.

Earlier this year Bank Mees & Hope bought the business of Shaw & Co., the UK private-client stockbroker.

US futures exchanges fight SEC rules before Congress

By Katherine Campbell

OFFICIALS from American futures exchanges were once again in Washington DC yesterday defending before Congress the operation of their markets and attempting to fend off what they see as the incursions of a second federal regulator into their corner.

They fear that legislation requested by the Securities & Exchange Commission that is currently before the House subcommittee on telecommunications and finance could adversely affect their business, even though the bill is primarily directed towards the securities arena.

In spite of significant reforms initiated by the exchanges themselves in the wake of the 1987 market crash, the SEC is still concerned to reduce the scope for manipulation in arbitrage between futures and equity markets.

Another controversial provision is that futures market participants associated with SEC-registered brokers should file financial reports with the SEC - again a duplication of their efforts, they argue.

The legislation also encourages the formation of a unified clearing system between futures, options and equities markets, an avenue the exchanges are keen to explore in their own, rather than Congress's, interest.

The potential jurisdictional overlap between the SEC and the CFTC has become increasingly awkward as cash and futures markets arbitrage techniques grow more complicated.

A recent court decision that had been trading in New York and Philadelphia under SEC fiat were in fact futures contracts resulted in the suspension of the new instrument, except for liquidation purposes only.

These in the survey could now write off their Third World loans without needing new capital. A further 15 would lose less than 10 per cent of their equity, but 14 would lose over half. These include two Canadian, four French, three British and five US banks.

The survey says that banks' greater openness makes it possible to form better judgments about their hidden reserves. The Merrill analysts say that Japanese banks have "virtually limitless" hidden reserves created by conservative valuations of property and securities.

Among European banks, the premium rating of Deutsche Bank is due to its extensive holdings of industrial equities.

Banks ahead of Basle schedule

By David Lascelles, Banking Editor

THE GREAT majority of the world's leading banks have managed to meet the first stage of the new international capital requirements ahead of schedule, according to a global banking report by Merrill Lynch.

The survey of 85 banks released yesterday showed that most of them had "Tier 1" capital above the 4 per cent minimum, but many of them were still below the Tier 2 requirement of 3 per cent. This, however, is not due to be fully implemented until 1992.

Tier 1 consists mainly of equity, Tier 2 includes other forms of capital such as debt, and the ratio is calculated according to the "Basle" formula of risk weightings.

The banks' greater strength means that over a third of

with 137 branches accept deposits and make loans locally, another 18 foreign banks have branch offices in India, which each need a start-up capital of Rs150m.

This is the first time the Reserve Bank of India has stipulated minimum capital requirements for foreign banks opening branches in India.

At present 21 foreign banks

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BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Red, Price, Change, Yield, Week, Month. Lists various government bonds from UK, US, Japan, Germany, France, Canada, Netherlands, and Australia.

London closing, denotes New York closing session. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal.

some of its key rates when it meets next Thursday. However, the reasons for the increase are thought to be domestic.

Fed funds closed at 9 per cent. When the funds were changing hands at 9 1/4 per cent, the Federal Reserve arranged \$1.5bn customer repurchase agreements.

Today's release of the August leading indicators index is not expected to move

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

Table showing rises and falls in various market categories: British Funds, Corporations, Financial and Properties, etc.

LONDON RECENT ISSUES

Table listing recent issues with columns: Issue, Amount, Date, Price, etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns: Issue, Amount, Date, Price, etc.

RIGHTS OFFERS

Table listing rights offers with columns: Issue, Amount, Date, Price, etc.

TRADITIONAL OPTIONS

Table listing traditional options with columns: Issue, Amount, Date, Price, etc.

LONDON TRADED OPTIONS

THE OPTIONS market was turbulent yesterday ahead of this morning's expiry of the FT-SE 100 contract.

The total options turnover was a healthy 62,003 contracts, compared with 59,636 on Wednesday, and a recent daily average of around 30,000.

Total volume was divided between 25,636 calls and 36,367 puts.

The FT-SE 100 index contracted the most attention, trading 27,211, its second busiest day ever.

Of these, 10,250 were calls and 16,961 were puts. The most actively traded series was the December 2,250 put, which turned over 2,070 contracts.

One market maker was said to have traded over 11,000 FT-SE 100 contracts. Dealers said it appeared to be a

technical trade, with the business evenly split between puts and calls. The size of the trade prompted speculation that the market maker was preparing to sell out of stock and options trading today.

Large losses on the stock market yesterday also encouraged talk of withdrawals from equity market making.

The busiest individual option contract was the December 300 call, which turned over 512.

ASDA remained a favourite, though takeover speculation has waned, as the purchase of 81 superstores from Gateway draws near.

It traded 1,743 contracts today, 1,506 calls and 237 puts. The most actively traded series was the November 180 call, which traded 565 lots.

nearly double the equivalent turnover by the underlying security on the stock market. The total included 2,850 calls and 2,388 puts.

The most actively traded series, turning over 1,650 contracts.

Elsewhere, Blue Circle featured, trading 2,085 contracts, comprising 1,371 calls and 714 puts.

The busiest individual option contract was the December 300 call, which turned over 512.

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FT-ASDIARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table showing FT-ASDIARIES SHARE INDICES with columns: Index No., Index, etc.

FIXED INTEREST

Table showing fixed interest rates with columns: Price, Day's change, etc.

Opening index 2318.0; 10 am 2319.0; 11 am 2323.0; Noon 2322.1; 1 pm 2316.0; 2 pm 2316.0; 3 pm 2312.7; 3.30 pm 2308.0; 4 pm 2304.4; 11.00 am (to 5.00 pm) 1 flat yield. Highs and lows record. Late dates, values and constituent changes are published in Saturday Issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p. NAHE CHANGE: Empire Stores (Braidford) (S4) has become Empire Stores Group.

THE OPTIONS MARKET

Large table showing options market data with columns: Calls, Puts, etc.

UK COMPANY NEWS

**Strong increase reflects continuing strength in advertising receipts
TV-am rises 24% despite subscription costs**

By John Riddling

TV-AM, the ITV franchise holder for breakfast television, raised profits by 24 per cent to £9.73m for the six months to July 31, despite suffering net costs of about £2m arising from the Channel 4 breakfast programme.

TV-am sells the advertising for the Channel 4 Daily, but the £1.5m which this added to revenues was more than offset by the £2.5m Channel 4 subscription incurred as a result of the new programme.

The strong overall increase in profits reflected the continued strength of advertising receipts which comprised all of the £96.05m (£28.55m) turnover.

TV-am's share of total ITV

revenues rose from an average of 3.9 per cent for the last financial year to just under 4.5 per cent during the interim period.

Mr Ian Irvine, chairman, said that the group was now focusing its efforts on winning the breakfast TV franchise from the beginning of 1990.

"We are confident of success, particularly now that we have resolved our relationship with the Labour party by the settlement of the dispute with the ACTT [Association of Cinematograph, Television and Allied Technicians]," the chairman said.

According to Mr Irvine, the Channel 4 Daily only receives significant audiences for its children's programmes on Sun-

day and its weekday cartoons. Its failure far to win large audiences is reflected in the fact that a minute of advertising costs an average of £400

TV-am

compared with £14,000 on TV-am.

Mr Anthony Vickers, sales director, said that unlike a

number of other ITV contractors TV-am was continuing to see a healthy increase in advertising revenues.

Earnings per share during the period increased from 7.8p to 9.5p and the interim dividend has been raised from 1.5p to 2p.

COMMENT

TV-am is creating its own biggest problem in retaining the morning ITV franchise. Operating margins of 45 per cent and strong cash flows which have resulted in net holdings of £28m are bound to prompt hot competition for the new licence. Performance between now and the submission of tenders in 1991-92 should also be tempting. Unlike all of its con-

tractor colleagues, TV-am will benefit from next year's change in the levy system, and should see savings in the region of about £2m. The fact that it is the only national franchise and has a relatively targeted audience also provides some protection against slowing advertising spend. Channel 4 remains the problem, but is deducting no more than was expected and profits this year should still reach £23.5m. The prospective multiple of 9.2 is at the bottom end of the sector, which might seem strange in the light of trading prospects. But the attraction of the franchise and the lack of programme libraries and studios makes TV-am a riskier bet than most.

Increased advertising revenue buoys Central TV

By John Riddling

AN INCREASED share of network advertising and a higher than usual dividend from independent Television Publications helped lift pre-tax profits at Central Independent Television, the IRA contractor for the Midlands, 24 per cent to £11.2m for the six months to June 30.

But Central warned that growth in advertising revenue was slowing as a result of higher interest rates and said that September, like July and August, would show a fall in real terms.

It also expects to incur exceptional costs of over £2.2m for the full year as a result of continuing rationalisation which has seen staff levels fall from 2,007 at the beginning of last year to 1,818 at present. The target is 1,700.

Turnover, which was distorted by a change in accounting procedures for network programme sales, increased from £118.85m to £152.59m. But the improvement also reflected a rise in Central's share of total ITV advertising revenues from 13.3 per cent to 13.4 per cent.

Mr Leslie Hill, managing director, described this as "a considerable achievement given the trend of advertising

drift to the south and south-east." Turnover also benefited from an increase in overseas sales from £2m to £10m, reflecting the broadcast of delayed programmes.

The shift in geographical pattern of sales was a factor in the reduction of the exchequer levy payments, from £4.6m to £3.5m.

Mr Hill said that Central was concentrating on organic growth. This involves investment in a number of separate profit centres including its Television Sales and Marketing Services, which was set up jointly with Anglia Television and which starts operating in the next few days, and its TV facilities operation which yesterday won a £2.2m contract to make a space-based soap opera for BS2, the satellite channel.

The establishment of several new profit centres is aimed at adding new revenue sources and reducing costs. Along with other rationalisation measures, this is intended to offset the impact of the extra £10m-£12m which will be added to the exchequer levy under the new system which will be introduced next year.

Earnings per share increased from 22.1p to 26.8p and the

interim dividend is raised from 6p to 7.5p.

COMMENT

Central's little acorns will take time to grow into oaks. Only four of the ten new profit centres are currently making profits and these add relatively little to the bottom line. But projects like this are probably the best thing for an ITV con-

tractor to do with the funds thrown up by their lucrative franchises. It stops them buying overpriced foreign production companies and should provide a degree of protection against the spectre of franchise loss. But the problem for Central, like all of the ITV contractors, is that there are important external factors over which it has little control. In

particular, it will be the company worst hit by the new levy and will suffer from the slowdown in advertising growth. The latter means that pre-tax profits will be held to about £28.5m in the current year, placing the shares on a multiple of just under 12. This is at the top end of the sector, but Central remains one of the quality TV stocks.

Exceptional costs increase AmBrit loss

AmBrit International, the USM-quoted oil and gas explorer, increased pre-tax losses from £398,000 to £873,000 in the first half of 1989.

Revenues from oil and gas activities came out lower at £1.17m (£1.42m). There were exceptional costs of £549,000 (nil), which left operating losses at £700,000 (£261,000 profits).

There was an extraordinary debit of £250,000 (nil). Losses per share doubled to 11p.

Dagenham advance braked by margins

Dagenham Motors, the Essex-based Ford main dealer, lifted taxable profits from £1.25m to £1.95m in the first half of 1989. Turnover rose 89 per cent to £62.81m. At the trading level there was a 15 per cent gain to £2.56m (£2.22m).

An unchanged interim dividend of 1.5p is payable from earnings of 7.9p (8.8p). A revaluation of freehold properties threw up a surplus of £5.9m over book value. Net assets at the period end stood at £16m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividend. Official indications are not available as to whether the dividends are interim or final and the above dates are subject to change without notice on the day of the meeting.

TODAY

Interline Atlantic Securities Trust, SLP, Bermuda Ltd, Cloyne, Connaught Brothers, Conrad Connaught, Croydon, Scott's Restaurant, Sherwood, Style, Swellfield, Trusthouse Forte, Wembley Colliery, Wile.

FUTURE DATES

Interline Atlantic Fisheries Oct. 5
Associated Finance Oct. 11
Austin Road Oct. 11
Chapman Racecourse Oct. 16
Energis Oct. 6
Helena Oct. 19
Kell Oct. 4
Tulow Oil Oct. 6
Plymouth Oct. 2
Amor Trust Oct. 25
Barnes (Henry) Oct. 26
Lloyds Chemicals Oct. 11

**NOTICE OF REDEMPTION
THERMEDICS INC.**

5 1/2% Convertible Subordinated Debentures, due 1996

NOTICE IS HEREBY GIVEN that Thermedics Inc. (the "Company") has exercised its right, pursuant to Section 6 of the Fiscal Agency Agreement dated as of April 1, 1986, to redeem on October 31, 1989 (the "Redemption Date") all of the Company's outstanding 5 1/2% Convertible Subordinated Debentures, due 1996 (the "Debentures").

REDEMPTION OF THE DEBENTURES

Redemption Date: October 31, 1989

Redemption Price: The redemption price of the Debentures is 103% of the principal amount of the Debentures, together with interest accrued from April 1, 1989 to October 31, 1989 in the amount of \$32.10 per \$1,000 principal amount of Debentures, making a total of \$1,032.10 payable on October 31, 1989. For each \$1,000 principal amount of Debentures not converted prior to the close of business on the Redemption Date.

Cancellation of Interest and Rights of Debentureholders. On the Redemption Date, the redemption price of the Debentures not converted on or prior to the Redemption Date will become due and payable and interest on the Debentures will cease to accrue. The Debentures will no longer be deemed outstanding after the Redemption Date and all rights with respect thereto will cease, except the right of the holders to receive the redemption price of interest accrued to the Redemption Date.

Redemption Procedure. Payment of the amount to be received on redemption will be made by the Company upon presentation and surrender of the Debentures (with coupons dated April 1, 1989 and subsequent coupons attached on any Bearer Debentures) at any time on or after the Redemption Date at any of the locations set forth below at the end of this notice.

CONVERSION OF DEBENTURES INTO COMMON STOCK

Prior to the close of business on the Redemption Date, the principal amount of any Debentures, any portion thereof that is \$1,000 or a multiple of \$1,000, may be converted at the option of the holder into shares of Common Stock of the Company at a conversion price of \$11.58 per share for approximately 86.36 shares for each \$1,000 principal amount of Debentures converted.

Conversion Procedure. The Debentures may be surrendered for conversion prior to the close of business on the Redemption Date together with a written notice of election to convert such Debentures at any of the locations set forth at the end of this notice.

THE RIGHT TO CONVERT THE DEBENTURES SO CALLED FOR REDEMPTION SHALL TERMINATE AT THE CLOSE OF BUSINESS ON THE REDEMPTION DATE, NOTWITHSTANDING THE PRECEDING SENTENCE HEREIN. ALL HOLDERS MUST RESERVE INSTRUCTIONS FOR CONVERSION BY OCTOBER 24, 1989 AND OCTOBER 27, 1989 RESPECTIVELY FOR DEBENTURES HELD BY THEM.

The Bearer and Registered Debentures may be presented for redemption or conversion at any of the following locations:

Chemical Bank Banque Internationale a Luxembourg
Chemical Bank House 2 Boulevard Royal
100 Strand 2953 Luxembourg Ville
London WC2R 1ET Luxembourg
England

Registered Debentures may be presented for Redemption and Bearer of Registered Debentures may be presented for conversion at the following additional locations:

Chemical Bank
55 Water Street
Corporate Trust Department
New York, New York 10041
United States

MB Group

**A good first quarter
and we've
only just begun.**

Unaudited Results for 3 Months to 30 June:

- Pre Tax Profit for Quarter £28 million.
- Businesses Turnover up 7 per cent to £76.9 million.
- Businesses Operating Profit up 16 per cent to £8.1 million.
- Dividend for 3 Months period 2p per share.

These are the first results of the Group since the successful merger of Metalbox Packaging with Carnaud of France.

The next results will cover 6 month period to 31 December 1989, the end of the Group's new financial year.

Stelrad's central heating and bathroom products business, increased sales and operating profits over the same quarter last year. These results were achieved despite some reduction in volumes in the UK central heating market and flat trading conditions for UK bathroom products.

Stelrad's European business, in particular the Henrad radiator business, in Germany, Holland and Belgium, continued to enjoy stronger market conditions than in the UK and met sales and profit expectations.

The cheque printing and business forms sector, operating largely in the USA, performed well with a significant improvement in both turnover and profits over the comparable period. Increasing efficiency within the Clarke Check's operations has been complemented by the successful integration of acquisitions made in recent years.

The recent acquisition of American Bank Stationery for £194m more than doubles the size of the Group's activities in cheque printing and business forms in the USA. This acquisition is fully in line with MB Group's strategy to develop its core businesses with carefully targeted investment.

The contribution of CMB Packaging to the Group's profits was ahead of expectations. This was an admirable performance following the rapid and successful combining of the two businesses. CMB is Europe's largest packaging business and is one of the top three in the world and has seen a significant appreciation in its share price since the announcement of the merger.

The Group now has a well spread and balanced range of activities and markets which provide a sound basis for continued growth.

MB Group plc
Going for growth

MB Group plc, Caversham Bridge House, Waterman Place, Reading RG1 8DN

Helical Bar plc

INTERIM RESULTS
for the half year to 31 July 1989 (unaudited)

"Helical's 6m sq. ft. portfolio is concentrated outside the South East in areas where values continue to rise. The annual rent roll is now £16m. The cautious position adopted last year stands Helical in good stead for the next 18 months".

JOHN SOUTHWELL
CHAIRMAN
28TH SEPTEMBER 1989

	6 months to 31.7.89	6 months to 31.7.88	
	£000	£000	
Profit on ordinary activities before taxation	10,004	5,840	+71%
Earnings per 5p share	275p	16.5p	+67%
Interim dividends per 5p share	2.4p	0.8p	+200%

Helical Bar plc
11-15 Farn Street, London W1X 7RD

UK COMPANY NEWS

Overseas earnings behind Redland's 18% advance

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of Redland, one of Britain's biggest building materials groups, rose by 18 per cent to £104.1m during the six months to the end of June.

More than half of Redland's profits, including those from associate companies, were earned overseas. The group is the world's largest roof tile producer and it also has large aggregate, concrete and road surfacing interests in the US and France.

Group turnover, excluding British Fuels, the fuel distribution business which was sold last December, rose from £962.2m to £994m. Earnings per share increased by almost a quarter from 20.8p to 25.7p.

Operating profits in the UK rose by 11 per cent from £46.1m to £51.3m. The figure would have been even higher but for the effect of high interest rates on British housebuilding and domestic repair, maintenance and DIY sales.

Sales of bricks by Redland in the UK during the first six months fell by about 9 per cent, about the same level as Istock Johnson, the UK and US brick manufacturer which reported its results on Tuesday.

Both Redland and Istock managed to squeeze higher profits from lower brick sales as a result of higher prices maintained during the first half. Redland warned yesterday that brick sales could fall further if high interest rates

Redland said yesterday that it had increased its share of the UK plasterboard market to 11 per cent, from 5 per cent earlier this year.

The company, which has just opened its first plasterboard manufacturing plant at Bristol, is in partnership with CSR, the Australian building materials group.

For many years, EPB has been the sole British manufacturer of plasterboard. It now faces competition from Knauf, a privately owned German company which has opened a factory near Sittingbourne in Kent, and from Redland and CSR, which until now has imported all its plasterboard.

Redland said increased competition had reduced UK prices by about 5 per cent at the beginning of this year and by about another 5 per cent this autumn. Prices have also fallen sharply in France, where EPB and Knauf are also competitors.

Profits from aggregates in the UK, where Redland is one of the industry's big four suppliers, rose by about 40 per cent with volume sales of coated stone rising by about 16 per cent and sand and gravel by about 9 per cent.

The group, in common with other UK aggregate suppliers, will benefit from plans to increase spending on road, rail and water projects.

Overseas profits of subsidiaries increased from £22.5m to £44.1m. International profits however rose by 28 per cent, if earnings from associates of £15.4m are included.

Redland's West German tile business performed very well in the first half, matching the recent experience of RMC which also has large building materials interests in West Germany. German construction, having been in the doldrums since 1985, has increased sharply this year.

German housing permits in the first half were up by almost a sixth. Trading was also strong in Australia where Redland has a roof tile and brick joint venture with CSR.

The performance in the US was more mixed. Sales of concrete roof tiles increased by 50 per cent and profits rose at the Denver aggregate business. However, revenue from both east coast aggregates and Texas declined.

The interim dividend is increased by 20 per cent to 7.5p. Profits from aggregates in the UK, where Redland is one of the industry's big four suppliers, rose by about 40 per cent with volume sales of coated stone rising by about 16 per cent and sand and gravel by about 9 per cent.

Redland said yesterday that it had increased its share of the UK plasterboard market to 11 per cent, from 5 per cent earlier this year.

The company, which has just opened its first plasterboard manufacturing plant at Bristol, is in partnership with CSR, the Australian building materials group.

For many years, EPB has been the sole British manufacturer of plasterboard. It now faces competition from Knauf, a privately owned German company which has opened a factory near Sittingbourne in Kent, and from Redland and CSR, which until now has imported all its plasterboard.

Redland said increased competition had reduced UK prices by about 5 per cent at the beginning of this year and by about another 5 per cent this autumn. Prices have also fallen sharply in France, where EPB and Knauf are also competitors.

Profits from aggregates in the UK, where Redland is one of the industry's big four suppliers, rose by about 40 per cent with volume sales of coated stone rising by about 16 per cent and sand and gravel by about 9 per cent.

The group, in common with other UK aggregate suppliers, will benefit from plans to increase spending on road, rail and water projects.

Overseas profits of subsidiaries increased from £22.5m to £44.1m. International profits however rose by 28 per cent, if earnings from associates of £15.4m are included.

Redland's West German tile business performed very well in the first half, matching the recent experience of RMC which also has large building materials interests in West Germany. German construction, having been in the doldrums since 1985, has increased sharply this year.

German housing permits in the first half were up by almost a sixth. Trading was also strong in Australia where Redland has a roof tile and brick joint venture with CSR.

The performance in the US was more mixed. Sales of concrete roof tiles increased by 50 per cent and profits rose at the Denver aggregate business. However, revenue from both east coast aggregates and Texas declined.

The interim dividend is increased by 20 per cent to 7.5p. Profits from aggregates in the UK, where Redland is one of the industry's big four suppliers, rose by about 40 per cent with volume sales of coated stone rising by about 16 per cent and sand and gravel by about 9 per cent.



Peter Jarvis, left, managing director of Whitbread, with Denis Cassidy, Boddington chairman

Diversified Boddington tops £7m with 9% growth

THE BODDINGTON Group, which is selling its brewing business for £50.7m to Whitbread, yesterday announced pre-tax profits 9.4 per cent higher at £7.3m for the half year to July 1, writes Lisa Wood.

The group, which over the past few years has diversified into nursing homes and strengthened its retailing activities with the development of new catering concepts, said that all its divisions shared in the profit growth with beer volumes increasing by 3 per cent.

Turnover, at £29.63m, increased by 23

per cent on last time's figure of £45.22m. Some 18 per cent of the sales were accounted for by new acquisitions with Henry's Table pub restaurants and Village Leisure hotels increasing sales by 24 per cent and 22 per cent respectively.

Trading profits showed a 20 per cent to £8.82m (£6.7m). Trading profits from pub retailing increased by 21 per cent. Property profits, taken above the line, were £1.72m (£1.51m).

Interest charges, reflecting substantial

investment in new areas of development, rose to £3.58m (£1.54m). The disposal of the brewing side will eliminate borrowings.

Basic earnings per share firmed from 5.88p to 5.56p and the interim dividend is raised 17 per cent to 1.88p. Mr Robert Bodd, Boddington's managing director, said that in the future Boddington would have four divisions: pubs, hotels and restaurants, drinks wholesaling and health care, with the latter making a first time contribution.

Specialisation benefits show through at Close

CLOSE BROTHERS Group, the merchant banking and investment management company, increased pre-tax profits by 63 per cent to £10.47m in the year to July 31.

Earnings per share grew by 48 per cent to 16.22p (10.99p). A final dividend of 4.55p (3.35p) lifts the total by 35 per cent to 6.75p (5p). The investment port-

folio produced capital gains of £3.44m. Net assets per share increased to 178p (162p).

Mr Roderick Kent, managing director, said the result underlined the benefits of specialisation. For example, Close Asset Finance, lent £50.6m on big-ticket items such as German printing machines and made profits of more than £2m.

Expansion for PA Consulting with Danish consultancy buy

By Michael Skapinker

PA Consulting Group, Britain's largest management and technology consultancy, is to purchase Bakonsult, the biggest management consulting firm in Denmark.

The initial payment of £4.5m will be followed by two further profits-related payments in 1990 and 1991. Bakonsult is expected to

have 1989 revenues of £8.8m, with pre-tax profits of £1.5m. The purchase follows PA's acquisition last June of Hartmark IRAS, Norway's largest management consulting firm.

PA has said it intends to acquire a listing on the International Stock Exchange in London within the next three years.

Seaford buys developer

By Clay Harris

SEAFIELD, a warehousing and transport group which has emerged from the shell of an Irish-registered industrial company, is expanding into retail property by paying an initial £41.5m for Charterhouse Properties, a privately owned developer.

The acquisition and the provision of £30m for working capital and to refinance Charterhall's bank borrowings will be financed partly by a three-for-one rights issue at 150p. The issue will raise £55.7m net of expenses.

Seaford, formerly Seaford Centex, is headed by Mr Dennis Jones, who is also finance director of Hazlewood Foods. Charterhall, formerly headed by the late Mr David Bulstrode, specialises in the assembly of

retail sites to the specification of "anchor" tenants.

Its latest development is a 15-acre site by Finchley Road underground station. Marks and Spencer and J Sainsbury together will take half of the 300,000 sq ft of retail space.

Charterhall retains ownership of its developments at least until the first rent review, typically after five years. It has warranted pre-tax profits of at least £10.5m for the year to June 1990, and Seaford will pay up to another £10m in shares if it achieves certain profit targets in 1990-91.

Seaford's stockbroker Lamrence Frust is forecasting pre-tax profits of £18m for the enlarged group in 1990, with net assets of £60m and no net borrowings.

Seaford transfers stake

Seaford Investments, a leisurewear and lighting company, owned by Mr Maurice Dwek and funds managed by MIM, has transferred its 25 per cent stake in jeweller Owen &

Robinson to Drayton Consolidated Trust and English and International Trust. Both funds, managed by MIM, will hold the shares for two years.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Addison Consult	0.5p	Nov 2	0.5	1.4	1.4
Boddington	1.85	Nov 2	1.85	4.3	23.5
Central and TV	7.5	Dec 8	8	7.5	7.5
Cobry	0.5	Nov 10	0.5	4.8	3
Conran Hospitality	2.5p	Nov 21	1.5	5	5
Haden MacLellan	4p	Jan 5	3.2	6.2	4.86p
Elaco	0.25p	Oct 30	0.25	4.2	7
Episcure Inds	5	Jan 2	7.7	11	10
Fosco	6.4p	Dec 29	2.25	5	5
Frugmore Ests	2.75	Nov 18	0.8	5.8	5.8
Geeet	1.8p	Nov 20	0.9	2	2
Helical Bar	0.9	Nov 20	1.8	1.8	1.8
MS Group	1.75	Jan 12	1.75	1.75	1.75
Ramar Textiles	1.2	Nov 15	1.5	5.5	5.5
Rathbone Bros 5	7.5	Nov 15	1.5	19.8p	19.8p
Redland	1.5	Nov 15	6.25	7.22	7.22
Richards Group	2.3	Nov 13	2	1.5	1.5
Saga Group	2.25	Nov 24	2.25	5.75	5.75
Sykes-Pickavant	4	Nov 24	3.8	6.5	6.5
Thorpe (FW)	2.5	Jan 5	2.5	6.5	6.5
Time Products	2	Nov 10	1.5	6.5	6.5
TV-am 5	2	Nov 10	2.5	6.5	6.5
Tyndall Hedges	2.5	Nov 10	2.5	20.5	20.5
United News	7.5	Nov 10	2.9	7.5	7.5
Vickers	3.8	Nov 10	1.5	8	8
Whitman Reeve	2.4	Nov 10	2.5	8	8

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Third market. ††For 15 months. †††For nine months. ††††To reduce disparity. †††††Follows first interim of 0.5p to reduce disparity.

Vickers up to £32m helped by disposals

By Nick Garnett

VICKERS, the diversified engineering, defence equipment and luxury car group, yesterday reported a 31 per cent advance in pre-tax profits to £32m, against £24.5m, for the half year to June 30.

However, the bulk of this stemmed from a 26.5m positive swing in interest payments, mainly resulting from the sale of the Howson Algraphy lithographic printing plate business in July.

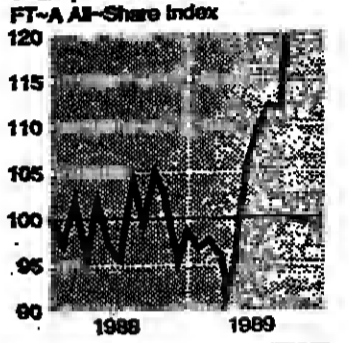
Overall trading profits were up just 3 per cent which was below analysts' expectations.

Sir David Plastow, chairman, said most areas of the business had performed well, with strong demand for Rolls-Royce and Bentley motor cars and continued higher profitability in marine engineering.

A substantial increase in orders for precision components, particularly for gas turbines, was secured and the medical equipment operation had raised its profits.

Vickers

Share price relative to the FT-A All-Share Index



Sales of continuing activities rose from £226.5m to £293.3m; sales of discontinued activities were £106.8m (£154.7m).

The group sold Howson-Algraphy to Du Pont of the US for £241.7m, plus £5m of interest. The trading performance of Howson is included in the results for the first five months. One month's interest on the money received from Du Pont is included in investment income. Earnings per share rose from 6.5p to 8.6p. The interim dividend is stepped up to 3.5p (2.5p).

COMMENT

One way of looking at Vickers is that it is a potential takeover target and that yesterday's figures did not help its case. Sir Ron Brinkley has a 12.2 per cent stake; the group has four discreet businesses, some with excellent brand names and it is also sitting on £200m of cash. Profits for Rolls-Royce could dip this year and the defence activities are still bound to suffer with the switch to the Challenger 2 programme. It is just possible though that Vickers' management will be left alone to get on with the business of using the cash pile for add-on acquisitions over the next 18 months, and to see a gradual turn round in defence which could still prove extremely lucrative. The shares slid on the results but that was exaggerated by the overall state of the market.

Kish Resources

Kish Resources reported third quarter results to March 30 showing operating revenues of £23,074 and an operating profit of £12,561. Other income was £13,514.

After amortisation/exploration costs and administration costs there was a pre-tax loss of £201,012. There was also an extraordinary debit of £20,456.

Eagle Trust obtains injunction

By Philip Coggan

EAGLE TRUST, the UK mini-conglomerate which is the subject of an investigation by the Serious Fraud Office, has obtained a Mareva injunction against the assets of Mr John Ferriday, its former chairman and chief executive.

The injunction prevents Mr Ferriday from selling or realising any of his assets without Eagle's consent. Meanwhile, Mr David James, who was appointed Eagle's new chairman on Wednesday, said yesterday that the creditor banks had given him at least 12 months to restore the company's fortunes. He said that he had taken the post on two conditions: that cash would be available to run the company in its current structure and that he would not be cast in the role of liquidator. "I am not going to flog off assets as fast as I can," Mr

James added, although one or two peripheral businesses could be sold. "The vast majority of individual subsidiaries are still profitable."

The corporate finance department of Coopers & Lybrand, the accountancy group, will henceforth act as the group's financial advisers and Parrish will remain as broker. Eagle has now had four sets of financial advisers since the start of 1989 and four chairmen since last October.

Mr James said he intended to run a relatively small board, and would announce four new directors next week. At that point, the three remaining survivors of the previous Eagle board of all non-executives would resign. Mr James will not be appointing a managing director, but will take a hands-on role himself. He hopes to call an annual

meeting by the middle of November, although the group's accounts for 1989 would not be ready by then. "I want shareholders to be able to endorse the new board and to hear a preliminary statement on my assessment of Eagle's affairs." He would then hold an extraordinary general meeting when the accounts were prepared.

Eagle has sent out Section 213 notices to discover the beneficial owners of a large number of nominee holdings. Shares in Eagle have been suspended since May. Meanwhile, Luforsa, the automobile company in which Eagle had an interest, issued a press release saying it had negotiated to buy-out the Eagle holding. Mr James said that the sale was conditional and the conditions had not yet been met.

James added, although one or two peripheral businesses could be sold. "The vast majority of individual subsidiaries are still profitable."

NEWS DIGEST

Whatman Reeve hits £4.55m

WHATMAN REEVE Angel, a maker of filtration and purification equipment, reported pre-tax profit for the first half of 1989 up 11 per cent from £4.08m to £4.55m.

Sales for the period were £24.66m, against £21.95m, with about half the rise due to the strengthening of the dollar.

Mr Andrew Smithers, chairman, said the Balston division showed excellent growth and in Whatman International both the laboratory and speciality products businesses reported good overall progress, although laboratory sales were restricted by dealer destocking particularly in North America. The industrial air filtration side was still not performing satisfactorily, he said. Earnings per share came out

at 13.39p (11.73p) and the interim dividend is increased to 2p (1.5p) partly to reduce disparity between the two payments.

Ramar Textiles surges to £337,000

A substantial recovery in profits was reported by Ramar Textiles for the year to May 31. The jump from £14,000 to £337,000 was scored on sales ahead to £24.68m. The comparable results were hit by a serious warehouse fire at the end of 1986.

The directors said the second half was hit by a build-up of pre-sold stocks, but profitability was maintained due to increased efficiency. An unchanged interim dividend of 1.75p is payable from earnings of 4.06p (0.24p).

The year-end is to be changed to June. The insurers have agreed to go to binding arbitration to settle the fire claim.

Sykes Pickavant declines to £318,000

Sykes Pickavant Group, the manufacturer and distributor of automotive and industrial service tools, yesterday announced a reduction to £318,000 in pre-tax profits for the six months to end-June.

This compared with £330,000 last time and came from turnover up from £7.55m to £9.63m. Interest payable rose to £90,000 (£11,000) and after tax of £286,000 (£253,000) earnings per share were 5.79p (6.26p).

The interim dividend is maintained at 2.25p.

Inoco edges ahead to £788,000

Despite interest payable rising from £618,000 to £2.57m, USM-quoted Inoco maintained its level of profitability in the six months to June 30, with the taxable result edging ahead from £776,000 to £788,000. Turn-

over, however, climbed 76 per cent from £2.26m to £3.98m.

In March, the company acquired a 33.9 per cent stake in Gulf Resources & Chemical Corp for about £25m. Since then Gulf's activities have been rationalised - the oil, gas and speciality clays businesses have been sold for about £18m. Gulf contributed £1.41m (nil). Property purchases totalled £20m, bringing the portfolio to £100m, with a net annual rent roll of 58m. Net rental income came to £2.57m (£1.67m). Earnings fell to 0.39p (0.62p).

Interest charges check Wm Jacks

Higher interest charges hit taxable profits at William Jacks, the vehicle distribution and servicing group, in the six months to July 31.

Pre-tax profits dipped from £511,000 to £304,000 as interest payable rose to £347,000 (£234,000). Turnover expanded

6.5 per cent to £25.08m. Earnings per share were 2.35p, down from 3.16p, but the interim dividend is maintained at 0.9p.

Thorpe dimmed by labour shortage

The move to larger premises, led to a decline from £1.8m to £1.24m in the pre-tax profit of FW Thorpe, maker of Thorlux lighting equipment.

Turnover rose 3 per cent to £9.66m (£9.34m), with an 8 per cent rise in the second half. Current order books were full, but strong growth would not be achievable until the group regained the position of having a well trained, experienced and stable workforce, the directors pointed out.

Earnings were 26.8p (34.2p), but the dividend is raised to 6.5p (5.8p) with a final of 4p. There was an extraordinary credit of £863,000.

This announcement appears as a matter of record only.

July 1989

Oppidan Estates Limited

£130,000,000

Revolving Credit Facility

Arranged by

Morgan Grenfell & Co. Limited

Funds provided by

The Bank of Nova Scotia

Lloyds Bank Plc

Clydesdale Bank PLC

Bank of Tokyo Group

Midland Bank plc

The Toronto-Dominion Bank

Morgan Grenfell & Co. Limited

Agents

Morgan Grenfell & Co. Limited

This announcement appears as a matter of record only.

July 1989

Oppidan Estates Limited

a £170 million joint venture property company

between

Storehouse PLC

and

London & Edinburgh Trust PLC

Goldman Sachs International Limited advised Storehouse PLC on the structure and formation of Oppidan Estates Limited

Rutland Corporate Finance Limited advised London & Edinburgh Trust PLC on the structure and formation of Oppidan Estates Limited

Goldman Sachs International Limited

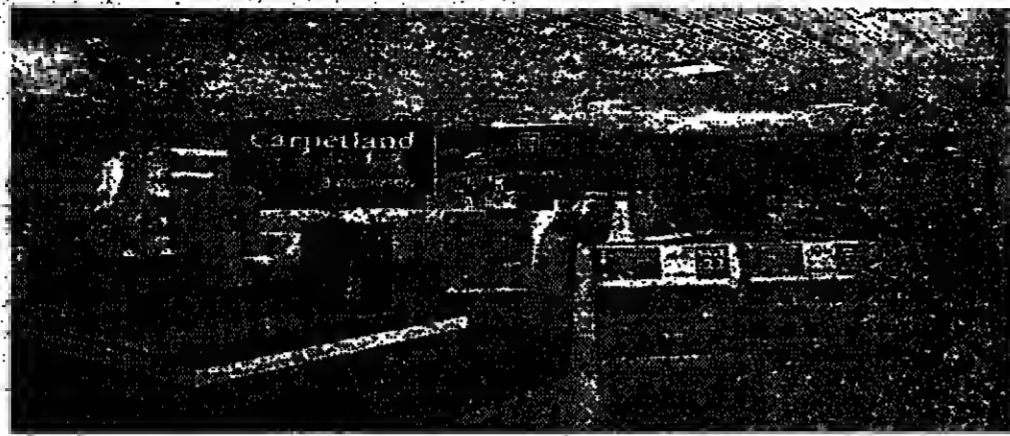
Rutland Corporate Finance Limited

UK COMPANY NEWS

Move up-market as agonies pile on

Maggie Urry describes the refurbishment taking place at Lowndes Queensway

MR EDDIE DAYAN is having his entire house recarpeted in a discreet beige coloured, luxury carpet. The chief executive of Lowndes Queensway, the furniture and carpet retailer, must wish that a few more people would do the same.



The new-style Carpetland shops have brought the fitted carpets to the front of the shop, banishing the rolls of cut-length carpets to the back of the store.

Trade is still difficult, although with the hot weather over, there has been a brisker feel to business. Like for like sales in furniture are now "up a bit," says Mr Dayan, though he cannot yet say the same for carpets. Customers are getting used to higher interest rates, and are passing the extra mortgage costs on to their employers through wage increases, Mr Dayan says. "The last thing we need now is another mortgage rate rise."

The £18.5m issue was this week taken up by 96.5 per cent of shareholders. Just as last minute decisions to pay the 20p share price were being taken by investors, Mr Dayan was showing off some of the group's new stores to stock-broking analysts.

A new shop has been launched called Traditions. This is intended to solve the problem of selling furniture in small high street shops, often with only 6,000 or 7,000 sq ft of sales area compared to the out-of-town giants with 25,000 sq ft and car parking space.

Traditions takes only part of the range - concentrating on traditional style furniture for living and dining rooms only,

and at higher prices. Mr Dayan describes the interior of the shop as like a "cluttered Victorian" room. One analyst likens it to "a brasher Laura Ashley." Everything in the room sets is for sale, including wallpaper, chime and lamps, all delivered to the customer's home. The first store is showing a sales gain of 31 per cent in its first three weeks.

Out of town, Queensway is refurbishing its furnishings stores and attempting to make them look less like cheap and nasty warehouses, or "sheds." Those which have been refurbished are showing 22 per cent sales gains, Mr Dayan says.

At the same time, Carpetland, the carpet retail chain, is

being repositioned, with the carpets on sale upgraded. Instead of rolls of cut length carpets in the front of the shop, giving a cheap image, the emphasis now is on fitted carpets.

Instead of two names - Harris Carpets and Carpetland - there is now one, and the advertising budget has been doubled to £4m. This means, Mr Dayan says, that the Carpetland name will have four times as much spent on promotion. The shops which have been changed over are showing more than a 25 per cent sales gain, he says.

Across the group, a new computerised stock control sys-

tem is being introduced, and a switch to direct delivery of furniture from suppliers to customers is being engineered. This has involved the suppliers in large start-up costs, which indicates their confidence in backing the group.

Lowndes will be about three-quarters of the way through its plans by the end of the financial year in January. Eventually the cost savings should be substantial from moves like faster ordering, the elimination of mistakes, a reduction in the number of group warehouses from 69 to five and much tighter control of stock and margins. Customer service should improve, which could in turn boost sales.

The question is: Can Lowndes get there before its cash runs out? Mr Dayan argues that so long as the refurbished stores continue to produce good sales gains and the market gets no worse, the group will pull through.

It is coping with the current seasonal peak in working capital, and by the time next year's late summer peak is reached the cost savings should have started coming through, he argues. He hopes to make a profit in the second half of the current year, after a loss in the first forecast at £17m.

In the year since the takeover, Mr Dayan says, despite the traumas, "I have never thought it would not come right."

Addison declines to £306,000

By Andrew Hill

ADDISON Consultancy Group, which has emerged from months of takeover speculation and disposals as a market research group, saw profits slip from £330,000 before tax to £306,000 in the six months to June 30.

Turnover was also down, by 31 per cent to £28.3m (£40.9m) following restructuring which has involved the sale of Chetwynd Haddons, Addison's consumer advertising agency, and the design division.

Continuing businesses - excluding those still earmarked for sale - made £288,000 before tax on turnover of £26m.

MAI, the market research, advertising and financial services group, bought a 24 per cent stake in Addison earlier this year, and put itself forward as a possible bidder. However, it came up against opposition from some Addison directors and from Motivaction, a French market research company now called Virtus, which bought 26 per cent of Addison and has won seats on the board.

Virtus said in April that it would not mount a bid for at least 12 months and MAI has since discontinued discussions about a possible offer. Ms Elizabeth Nelson was elevated to chairman of the main board in June after a serious boardroom split and resignations of most of Addison's professional advisers.

The principal brake on first half growth at Addison was Streets Communications, the financial public relations and advertising group, which was held back by the slowdown in financial advertising. A proposed management buy-out of the division fell through during the first half, and in the meantime Streets lost £500,000 (£280,000) before tax.

Addison, which has cut staff at Streets by a third, is now back in talks with the division's management and with other interested buyers, in an attempt to sell the business this year.

There was an extraordinary gain of £2.41m on the sale of Chetwynd Haddons.

There was a loss of 0.05p per share for the first half (earnings 0.07p), and the interim dividend is unchanged at 0.5p.

All-round advance at Eleco

By Jean Marshall

WITH ADVANCES in all divisions, Eleco Holdings, the building products, distribution and property and construction company, reported a 31 per cent rise in pre-tax profits in the year to June 30, 1989.

The rise from £5.41m to £7.08m was achieved on turnover up 51 per cent from £48.05m to £72.86m.

Mr Field Walton, chairman, said the group had been successfully restructured into five areas of expertise. The results reflected partly the benefits of that strategy, he said, in both management strength and

financial returns. The impact on the group from the depressed residential housing market had been minimal, Mr Walton said, because of involvement in commercial developments and the broader spread of markets for its other activities.

In building products, where opportunities were arising on the Continent, profits and turnover rose by 26 per cent to £1.72m, and 8 per cent to £23.05m.

Specialist contracting had experienced a year of recovery after some difficult contracts previously. Turnover rose by

67 per cent and the division turned from losses to produce record profits of £520,000.

The purchase price of the Durable Contracts acquisition had been recovered in its first year.

Profits in distribution services advanced by 52 per cent to £303,000, and property development and investment both had a good year.

An unchanged final dividend of 4p is proposed, to maintain the total at 6.2p. Earnings worked through at 17.7p (13.5p) per share, after tax of £2.2m (£1.9m).

Helical Bar vaults 71%

By Nigel Clark

HELICAL BAR, the property trader and developer, increased pre-tax profits for the six months to July 31 by 71 per cent from £5.84m to £10m.

The improvement reflected the sale of a little more than half of its prime office development in Bristol and sales of trading stock in south Wales and the rest of the UK. Directors said there had also been sizeable growth in rental income, with the net figure up from £2.51m to £5.44m.

During the period the investment property holdings were refinanced on a longer-term basis by raising a £100m

revolving loan repayable in 1994-96. It has more than £20m cash in hand and capped interest rates on £150m for the next five years.

In the current six months, Helical has sold trading stock worth more than £27m. New developments in Manchester, Leeds and Peterlee, Durham, are in hand.

Earnings per share were 27.5p (16.5p). A second interim of 1.5p is being paid, which together with the first, makes 2.4p, against last year's 0.8p, and helps to reduce the disparity between the dividend payments.

Colroy Homes

RESIDENTIAL DEVELOPMENT
Year to 31st July, 1989

	1989 £000	Change	1988 £000
TURNOVER	20,428	+39%	14,651
PROFIT BEFORE TAX	4,373	+68%	2,604
SHAREHOLDERS' FUNDS	12,215	+20%	10,200

The proposed final dividend is 5.5p per share making a total of 7.5p per share for the year.

Copies of the report and accounts available from:
The Company Secretary, Colroy plc,
212 Bellingdon Road, Chesham,
Buckinghamshire HP5 2NN
Telephone 0494 775301

COLROY plc

Isveimer

U.S. \$100,000,000

Floating Rate Participation Certificates Due 1992

issued by Morgan Guaranty GmbH for the purpose of making a loan to

Istituto per lo Sviluppo Economico dell'Italia Meridionale

(a statutory body of the Republic of Italy incorporated under Law No. 298 of April 11, 1953)

In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 29th September, 1989 to 31st October, 1989 has been fixed at 9 1/4%. Interest accrued for the above period and payable on 31st January, 1990 will amount to US\$80.56 per US\$100,000 Certificate.

Agent
Morgan Guaranty Trust Company of New York
London Branch

The United Mexican States

US\$2,556,093,000

Collateralized Floating Rate Bond Due 2008

In accordance with the terms and conditions of the Bonds, the rate of interest for the interest period September 29, 1989 to March 30, 1990 has been fixed at 10 1/4% per annum. Interest payable on March 30, 1990 will be US\$13,507.81 on each US\$250,000 principal amount of the Bonds.

Agent
Morgan Guaranty Trust Company of New York
London Branch



Announcing the new force in European Property Services

In a move that will create one of the largest property consultancies in Europe, Edward Erdman, leading UK surveyors and Auguste-Thouard, the number one firm of property advisers in France have announced the first steps towards a merger. There will be an immediate and significant equity exchange, with the intention of a full merger taking place in three years' time.

The combined market its services from early 1990, will personnel working in six offices in France, United Kingdom and

A joint statement Chairman of Edward Erdman and Jean-Michel Andrieu, Directeur Générale of Auguste-Thouard notes: "The intended merger marks a turning point for the UK and French property industries, being the first time two such organisations have entered into a true merger agreement."

As our clients become progressively more international, it is vital that we match services - without compromise - to their needs."

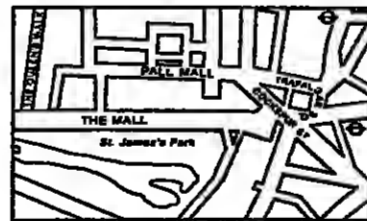
Corporate Finance advisers:
ANZ McCaughan Société Générale
Lawyers to the transaction:
S.J. Berwin & Co. Clifford Chance (Paris)

Edward Erdman

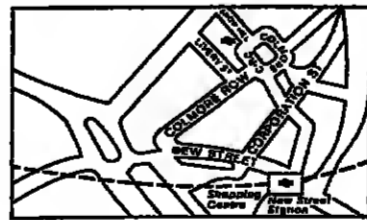
In London: Jon Gooding - Edward Erdman
6 Grosvenor Street - London W1X 0AD - Tel: 01-629 5191
In Paris: Jean-Claude Saunier - Auguste-Thouard
17 rue d'Astorg - 75008 Paris - Tel: 42 66 04 07

AUGUSTE-THOUARD

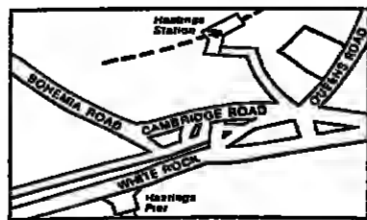
SPREADING OUR WINGS



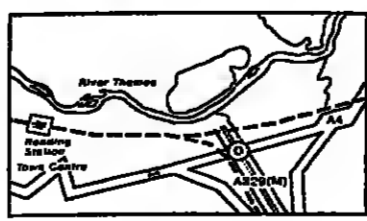
LONDON - in Cockspur Street, just off Trafalgar Square, Speyhawk in co-operation with Reinhold, is completing a prime 100,000 sq. ft. office development.



BIRMINGHAM - just off Colmore Row, adjoining Snow Hill Station in the centre of Birmingham, Speyhawk is developing 900,000 sq. ft. of offices, the largest development of its kind in the city.



HASTINGS - based in the centre of the town, off Queen's Road, Speyhawk will commence in Spring 1990, a major development which will provide the South East with a leading regional shopping centre.



READING - close to the town centre, at the end of the A329(M), Speyhawk is creating Thames Valley Park, a 200 acre premier business park on the bank of the River Thames.

Speyhawk is dedicated to creating developments of exceptional quality - nationwide.

SPEYHAWK PLC

1 JAMES STREET, LONDON W1M 5HY - TEL: 01-499 6060 - FAX: 01-495 1413

UK COMPANY NEWS

Foseco's 16% rise helped by global spread

By Andrew Bolger

FOSECO, the specialist chemicals and abrasives group, lifted pre-tax profits by 16 per cent to £24.5m in the half year to June 30. Turnover rose by 11 per cent to £288m.

The shares jumped 40p to 357p in June after the company discovered that US investors Mr Gilbert Scharf and his brother, Michael, had taken a 4.4 per cent stake in the company. Yesterday they closed down 4p at 346p.

Mr Tony Chubb, chairman, said: "It is very encouraging to see a strengthening of the group at a time when the short-term economic outlook is becoming more uncertain in the UK and a number of other countries."

Mr Chubb said the metallurgical chemicals division reported sound growth, adding: "This was a good performance in view of the difficult economic situation faced by our South American companies and a deterioration in trading conditions encountered by a number of group operations selling to the steel industry."

Mr Bob Jordan, chief executive, said Foseco had reduced its exposure to the steel industry from about 40 per cent of turnover as recently as 1986, to less than 20 per cent now. Only about a quarter of the group's turnover comes from the UK.

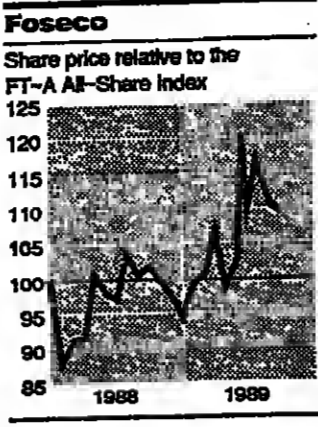
Results in the construction and mining chemical division were much improved, with the Middle and Far East making particularly significant contributions.

Mr Chubb said results of the mining chemicals operations were varied; the continuing restructuring of the coal industry in the UK caused a number of problems, while in the US Celite made good progress.

Investment in France, West Germany, Japan and Korea aimed to enhance Foseco's position as a global supplier to major automobile producers.

The abrasives operations produced mixed results in the UK; activity in the industrial market had been satisfactory, but the DIY market had been slow; its weakness also affected the bathroom fittings company.

Earnings per share rose 18 per cent to 16.3p (13.8p). An interim dividend of 5p (4.2p) is declared.



Foseco Share price relative to the FT-A All-Share Index

● COMMENT Foseco's share price will continue to be determined by the intentions of the brothers Scharf, which remain unclear. It seems unlikely that they could mount a bid which was not highly leveraged, and Foseco's range and variety of activities make it an unlikely candidate for a quick break-up. Analysts remain concerned that its main markets - steel, cars and mining - may all be near the top of their cycle. Prospective full-year profits of £45m put it on a multiple of 11, which has been boosted by a bid premium of about 35p to 40p per share. That premium is unlikely to disappear in the short term and will no doubt continue to obscure the longer-term, and more fundamental, question of whether Foseco's spread of geographical interests should exempt it from the "cyclical" tag which the City has continued to hold against it.

Baillie Gifford Japan

Baillie Gifford Japan asset value per ordinary share at August 31 was 780.51p (588.19p) and 711.34p (551.41) diluted. Loss before tax for the year was £24,434 (£254,835). Loss per share 2.69p (loss of 2.96p).

Food preparation holds back Geest

By Nikki Tall

GEEST, the fresh produce and prepared foods group best known for its banana import business, yesterday reported pre-tax profits of £11.3m in the six months to July 1, up from £9.18m in the same period a year earlier.

Sales in the first half were £283m (£289m), and earnings per share - after a 29.7 (29.9) per cent tax charge - came to 11.4p (9.3p). The interim dividend goes up 23 per cent to 2.75p.

In terms of trading profit, there was a near 14 per cent increase on the fresh produce side to £9.2m, with good performance being reported on virtually all fronts.

The food preparation business fared less happily: with trading profits down from £760,000 to £37,000 on sales of £30.9m (£23.5m), despite the first contribution from Kates Kitchen.

Problems came on the fish side, where Geest has now ceased production of low-margin uncoated and conventionally coated fish fillets, and on recipe dishes, where sales were affected by health scares just as new capacity was coming on stream.

From the US, where Geest recently acquired Manor Hill, there was a first-time contribution of £163,000 on sales of £1.43m.

There was a £467,000 (£333,000) exceptional surplus above the line - profit on

property sales offset by restructuring costs - while net interest receivable worked through to £1.55m (£901,000).

Below the line, there was an extraordinary surplus of £5.86m - comprising the profit on the sale of the contract distribution business offset by £1.94m of costs in withdrawing from the fish activities.

Geest said it expected the year-end cash balance to be around £20m. With regard to acquisitions, it commented that further expansion into the US was being considered, as was the building of distributive capacity in Europe on the fresh produce side. However, the company said there was nothing in the immediate pipeline.

● COMMENT While Geest's figures were well in line with expectations, the balance was not quite as some analysts had expected. The problems in the fish and recipe dish businesses caused some surprise, while fresh produce did commensurately better - a performance which was even more creditable after a £500,000 cost for contingency plans to cope with the threatened national dock strike. Yesterday, Geest was suggesting that reorganisation on the fish side had taken out some £1.5m of overheads and says this business is now breaking even. The loss on the recipe dish business



Charles Bystram, chairman: fresh produce - best of the bunch may take a little longer to repair, although there are hopes that it might be out of the red by the year-end.

The Kingdom of Thailand
U.S.\$60,000,000
Floating Rate Notes due 2005

Electricity Generating Authority of Thailand
U.S.\$195,000,000
Floating Rate Notes due 2005

Petroleum Authority of Thailand
U.S.\$145,000,000
Floating Rate Notes due 2005

In accordance with the terms and conditions of the above notes, notice is hereby given that for the 6 month interest period from 28 September 1989 to 28 March 1990 (181 days), the notes will carry an interest rate of 9 3/4 per annum.

The interest payable on the next payment date, 28 March 1990, will be U.S.\$11,548.18 per U.S.\$250,000 nominal amount and U.S.\$230.96 per U.S.\$5,000 nominal amount.

Reference Agent:
Lloyds Bank

Paine Webber Group Inc.
U.S. \$200,000,000
Subordinated Floating Rate Notes Due 1993

For the six months 29th September, 1989 to 30th March, 1990 the Notes will carry an interest rate of 9 3/4 per cent per annum and interest payable on the relevant interest payment date 30th March, 1990 will amount to U.S. \$477.12 per U.S. \$10,000 Note and U.S. \$4,771.18 per U.S. \$100,000 Note.

By Morgan Guaranty Trust Company of New York, London Agent Bank

Wells Fargo & Company
U.S. \$100,000,000

Subordinated Floating Rate Capital Notes due September 1997

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 29th September, 1989 to 29th December, 1989 the Notes will carry an Interest Rate of 9 3/4 per annum.

Interest payable on the relevant interest payment date 29th December, 1989 will amount to US\$272.24 per US\$10,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York London

ALUMINIUM

The Financial Times proposes to publish this survey on:

25TH OCTOBER 1989

For a full editorial synopsis and advertisement details, please contact:

ANTHONY G. HAYES
on 021-454-0922

or write to him at:

George House
George Road
Edgbaston
Birmingham B15 1PG

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Losses at Kelt Energy increase to £1.15m

By Graham Deller

KELT ENERGY, the independent oil and gas group headed by Mr Hubert Perrodo, yesterday unveiled results for the 15 months to March 30 - a period of intense activity for the company, writes Graham Deller.

The reverse takeover of Concorde Energy in the spring of 1988 was followed last January by the highly-leveraged takeover of Carless. Since then Kelt has disposed of the latter's downstream operations in a series of sales, raising some £137m.

The pre-tax loss for the period increased to £1.15m, against a deficit of £947,000 for the year to end-December 1987. However, losses at the operating level, stated net of foreign

exchange gains of £991,000 (£45,000), recovered to £210,000 (£725,000).

Kelt intends to refinance remaining debt on a long-term basis, in line with the flow of revenue from its assets in both the UK and the US.

Mr Perrodo said that total net reserves had risen from 34m barrels to about 160m barrels of oil equivalent. Net assets stood at £211m, or 63p per share, he said, a figure that excluded a further 31p per share in respect of probable reserves.

Turnover expanded from £5.47m to £12.52m. Losses per 10p share worked through at 0.6p (0.5p). No dividend is proposed for the year: the last payment was made in 1985.

Floyd Energy back in the black with £18,000

By Graham Deller

FLOYD ENERGY, the former resources company which has transformed itself into an engineering and structural steel group, reported a modest pre-tax profit of £18,000 for the first half of 1989.

The outcome compared with losses of £374,000 last time and was struck on turnover sharply higher at £19.96m (£8.84m).

Earnings per 10p share were 0.02p, against losses of 0.63p in the corresponding half of 1988.

Mr Gordon Dunlop, chairman of the USM-quoted company, said that Whiteley Reid, acquired in May, enjoyed high activity and a healthy

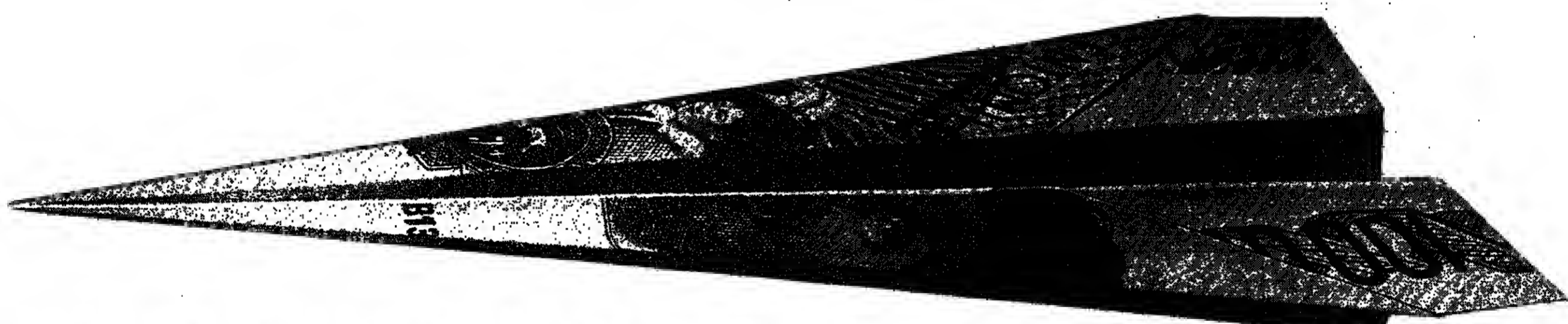
order book.

Similar conditions prevailed at Romenin Roosendaal Beheer, the Dutch steel structure group, purchased in June for £12.8m.

In contrast, the fuels side suffered from the mild winter. Oil distribution was hit by "sustained competition," while the coal business experienced increasing pressure on prices.

Floyd intends to offer the residual oil exploration assets for sale.

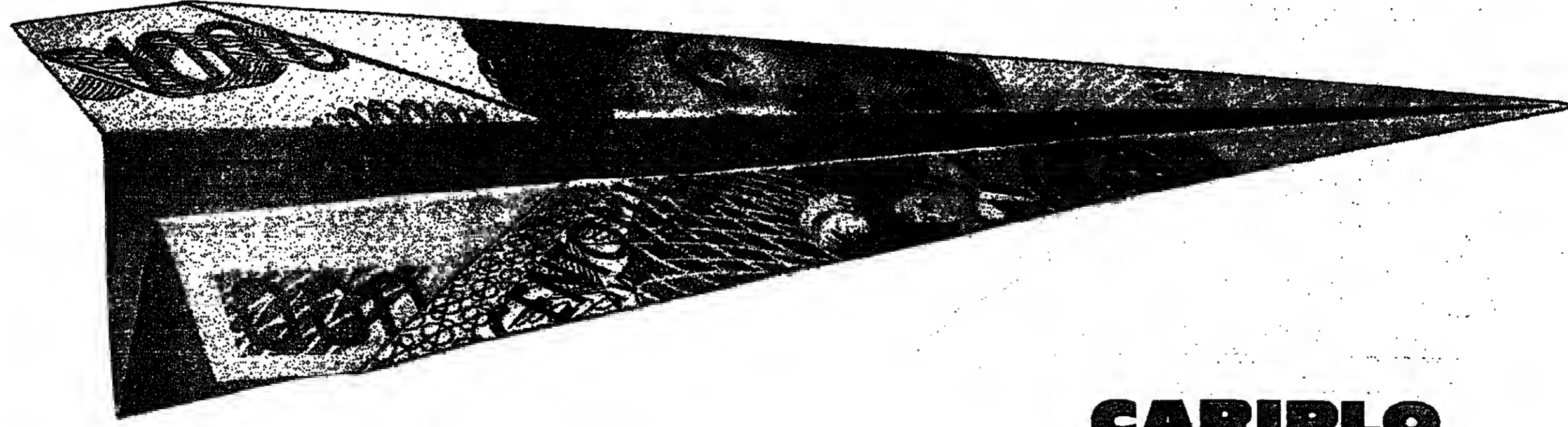
The directors also announced plans to consolidate the shares from 10p to 50p and change the group's name to Ferrum.



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UK COMPANY NEWS

Saga declines to £1.18m after depressed US sales

By Peter Franklin

A DOWNTURN in its US operations was blamed by Saga Group, the over-60s tour operator, for a 4.4 per cent drop in pre-tax profits for the six months to end-July.

The fall to £1.18m was struck on turnover up 2.9 per cent to £49.2m (£47.5m) and was compounded by a loss after tax of £125,000 from the closure of its US-publishing venture.

A state of slackness, beginning with the Lockerbie bombing, hit demand for domestic and overseas holiday business in the US. The group also took a step back when its travel magazine *Travel* failed after just two issues for lack of advertising revenue. However, a satisfactory outcome was expected by the year-end.

Mr Roger De Haan, chairman, said that the company's UK tour operating sales had grown by 3 per cent, which represented a satisfactory performance in a sector in which other holiday companies were suffering a depressed market. Sales of European holidays had fallen slightly, but bookings to long-haul destinations were well ahead of last year, he said.

Saga's move into the retirement housing market had been set in motion with the purchase of a site in Kent, where the first properties should be ready for sale next year.

The downward trend in land prices was expected to continue, said Mr De Haan, and the company was being very selective in its approach to fur-

ther purchases. Saga would continue to manage the sites after completion, he said.

The UK publishing interests had started slowly but good growth had been experienced from financial services, where Saga offers such products as home insurance and life policies for the over-60s. Here the company had been able to capitalise on its Sun-plus mailing list, and sales in this area were expected to contribute strongly to the year's results.

The group's strong cash position provided an improvement in net investment income to £1.9m (£308,000) and after tax of £212,000 (£283,000) earnings per share slipped to 4.49p (4.89p). The interim dividend is raised to 2.3p (2p).

C&W raises \$280m via US share issue

By Hugo Dixon

CABLE & WIRELESS, the UK-based international telecoms group, has raised \$280m (£178m) via the issue of new shares through the New York Stock Exchange.

The issue, which is in the form of American Depository Shares (ADSs), was 25 per cent larger than originally planned because of strong demand from investors, the company said.

The advantage of raising funds in the US is that C&W has been able to tap American investors who are generally more interested in telecoms stocks than their European counterparts.

C&W will initially be using the money to reduce

short-term borrowings. However, in the long-term, the fund-raising exercise will help finance its ambitious capital investment programme.

The group plans to spend about \$500m over the next three years developing its Mercury Communications subsidiary which is the UK's only mainstream rival to British Telecom. By the end of the century, it expects to invest a further \$200m building a personal communications network, which is intended to bring mobile telephony to the mass market.

The ADSs, which each represent three ordinary C&W shares, were offered at a price of \$26.72 on Tuesday evening.

S&F clarifies Apricot stake

By Alan Cane

SINGER & FRIEDLANDER, the merchant bank and property investor, has formally assured Apricot Computers, the Birmingham-based workstation manufacturer, that the shareholding it has been building represents an investment for its own account rather than for an undisclosed client.

Singer has raised its stake in Apricot to 10.54 per cent. It said it intended to build a stake that would allow it to consolidate a percentage of Apricot's profits in its own results. A shareholding, can usually be consolidated above 20 per cent.

The announcement, and the way the shares were purchased, triggered a wave of speculation that a takeover bid

was under way. The rumours were fuelled by the fact that high technology investments are not common for Singer, a bank which made pre-tax profits of £10.7m for the half year to June 30, chiefly through fund management activities.

The European computer industry, furthermore, is in the middle of a period of rationalisation and Apricot would be a valuable acquisition both for its software skills and its market share.

Apricot made pre-tax profits last year of £5.5m on a turnover of £105m, and has been returning to financial health after a weak period in the early 1980s.

It now makes over half its profits from software and com-

puter maintenance while the rest comes from its activities as a maker of high performance workstations, competing with the US manufacturers International Business Machines and Digital Equipment Corporation.

Following substantial management changes it seems set for growth and analysts believe it is undervalued and a good recovery stock.

Sources close to Singer and Friedlander confirmed that the bank was buying for its own account. Mr Roger Foster, Apricot's chairman, said he saw Singer's investment as a vote of confidence in the company's strategy but he would be watching the size of the holding closely.

Sheraton makes £11m paper offer for Malvern

By Nikki Tait

SHERATON SECURITIES, the property development and investment group, is making an £11m all-paper offer for Malvern Property Company, an unquoted property group set up in 1986.

Malvern's main activities are in the development and improvement of UK commercial properties, particularly in the north of England. In the year to end-June, it made pre-tax profits of £1.6m, and had net assets of £3.35m.

Originally, Malvern planned to seek a quotation once a suitable trading record had been established. However, Sheraton said it was approached by certain Malvern investors, suggesting that it might acquire their shares via a paper swap.

Although satisfied with the progress of Malvern, a holding of Sheraton paper would allow a formal valuation of their

holdings. It would also be potentially marketable.

Sheraton, which already holds 29.99 per cent of Malvern, added that it had, for some time, been seeking to raise its holding. It maintained that the geographical spread of Malvern's interest complemented its own bias towards the south and west of England and Scotland.

Sheraton is offering 1,300 of its own shares for each Malvern A share, and 2.27 Sheraton B shares for each Malvern ordinary share.

Shareholders - including Sheraton - speaking for just over 40 per cent of Malvern have irrevocably agreed to accept the offer. Yelverton Investments, which holds 1.5m ordinary shares and 32 A shares, has also indicated that its present intention is to accept.

Far East setback for Time Prods

JAPANESE COMPETITION and price cutting in Hong Kong hit the business there of Time Products, the watch and jewellery distribution group.

As a result, pre-tax profits for the six months to July 31 fell from £7.6m to £6.95m, on turnover of £28.48m (£29.75m).

Mr Richard Langdon, chairman, said he did not envisage that the situation in Hong Kong would improve in the current year, turnover there fell to \$5.97m (\$11.2m) and pre-interest profits to £1.33m (£2.5m). However, UK sales improved to £19.5m (£18.5m) and profit to £4.18m (£3.99m), with the luxury watch division being particularly successful, he added.

Finance income rose to £1.44m (£270,000). Earnings worked through at 9.22p (10.72p) and the interim dividend is again 2.5p.

Wolstenholme Rink slips to £1.81m

Higher interest rates and

increased borrowing left Wolstenholme Rink, the Lancashire-based maker and distributor of products for printing and allied industries, with reduced pre-tax profits of £1.81m for the half year to June 30. The comparable figure was £1.91m.

Operating profits advanced from £2.15m to £2.43m on turnover of £21.54m (£17.98m).

An interim dividend of 6.3p (6p) is being paid from earnings of 18.9p (20p) per share.

Interest charges were an increased £615,000 (£235,000). Tax took £561,000 (£395,000) and there was an extraordinary charge of £103,000 (£27,000 credit).

financing through partnerships.

Turnover fell by nearly a half to £442,000 (£958,000). There was a loss per share of 7.11p, against earnings of 0.41p.

Martin Currie Pacific assets up

Martin Currie Pacific Trust net asset value climbed from 229.1p to 299.8p basic and from 214.7p to 277.5p fully diluted in the six months to August 31.

Total revenue was £424,000 against £217,000 and pre-tax profits were £167,000 (£26,000). Earnings per share rose to 0.55p (0.16p).

The directors said the buoyant level of corporate profitability implied that the outlook for consumption, supported by higher wages, remained positive and that was reflected in the trust by a high weighting in that area.

Simon Engineering sells Drake & Scull for £21m

By John Thornhill

SIMON ENGINEERING, the equipment, services, and manufacturing group, is continuing to reshuffle its businesses by selling Drake & Scull Holdings, the electrical and mechanical group, for about £21m.

Stockport-based Simon bought Drake & Scull six years ago for £2m, although after yesterday's move Simon will still retain Drake & Scull's Hong Kong operations and

some of its interests on the automation and aviation side.

The buyer is JWP, a US technical services company, which will initially pay Simon £11.5m cash and £2.75m in shares. A further consideration of up to £6.75m will become payable.

In 1988, Drake & Scull, made pre-tax profits of £3.4m and had net assets of £10.2m.

NEWS DIGEST

Crossroads Oil dives to £2.08m loss

Crossroads Oil Group reported a loss of £2.08m for the year to March 31, compared with a profit of £247,000 in the previous 12 months.

The directors said that about £1.7m of the loss was due to the restructuring of the company, formerly Lysander Petroleum, and the disposal of properties in the Arkona Basin.

This USM-quoted company's main activity is oil and gas exploration, development and production in the US and its

Correction

Mr Tom Cannon

A photograph of Mr Tom Cannon, director of Manchester Business School, was inadvertently published with Wednesday's report on BSG International's interim results rather than that of his namesake, managing director of the Birmingham-based company.

THE B.A.T INDUSTRIES DEMERGER PROPOSALS

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The Directors of B.A.T Industries p.l.c. with the exception of Sir Mark Weinberg, who is also a director of J. Rothchild Holdings p.l.c., one of the investors in B.A.T. and has publicly stated that he is taking no part in any decision relating to the demerger, are the persons responsible for the information contained in this advertisement. These Directors confirm that to the best of their knowledge and belief nothing has occurred which would affect the accuracy of the information contained in this advertisement and they do not intend to do anything to affect the accuracy of such information. The Directors of B.A.T Industries p.l.c. (other than Sir Mark Weinberg) accept responsibility accordingly.

UK BUILDING & CONSTRUCTION

The Financial Times proposes to publish this survey on:

6th November 1989

For a full editorial synopsis and advertisement details, please contact:

Alison Barnard on 01-873 4148

or write to her at: Number One Southwark Bridge London SE1 9HL

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

GRANVILLE SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
342	295	Acc. B.V.L. Ind. Ordinary	342	0	10.3	3.0	9.2
35	28	Amritage and Rhodie	31	0	-	-	-
210	149	Bardon Group (SE)	195	0	4.3	2.2	18.9
125	105	Bardon Group Co. Pref. (SE)	120nd	-1	6.7	5.6	-
123	85	Bry Technologies	85	0	5.9	4.9	7.5
110	105	Brenhill Com. Pref	105	0	11.0	10.5	-
104	100	Brenhill 8 1/2 % New C.C.R.P.	104	0	11.0	10.6	-
205	205	CCL Group Ordinary	208	0	14.7	5.1	3.6
176	158	CCL Group 11% Cum. Pref	148	0	14.7	8.8	-
225	140	Carbo Plc (SE)	225	0	7.6	3.4	13.2
110	109	Carbo 7.5% Pref (SE)	110	0	20.3	9.4	-
7.5	3.125	Magnum Co Non-Voting A Cum	3.75	0	-	-	-
5	1.275	Magnum Co Non-Voting B Cum	1.75	0	-	-	-
130	119	HSI Group	128	0	8.0	6.3	7.3
145	58	Jackson Group (SE)	117	0	3.6	3.0	13.6
322	261	MultiHouse NV (AmstSE)	300	0	10.8	6.4	5.7
150	98	Robert Jencks	156	0	18.7	5.1	9.7
467	365	Scintex	365nd	0	9.3	3.1	10.4
298	270	Torday & Carlisle	298	0	10.7	9.7	-
117	100	Torday & Carlisle Cum Pref	110	0	10.7	9.7	-
122	92	Trenhan Holdings (USM)	106	-2	2.7	2.6	11.4
140	106	Unisval Europe Cum Pref	140nd	0	9.3	6.4	-
395	325	Veterinary Drug Co. Ltd	380	0	22.0	5.8	9.4
370	327	W.S. Yeates	330	-1	16.2	4.9	27.5

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of the ISE. Other securities listed above are dealt in subject to the rules of TSA. These securities are dealt in strictly on a matched bargain basis. Neither Granville & Co. Limited nor Granville Davies Limited are market makers in these securities. * These securities are dealt on a restricted basis. Further details available.

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FROGMORE

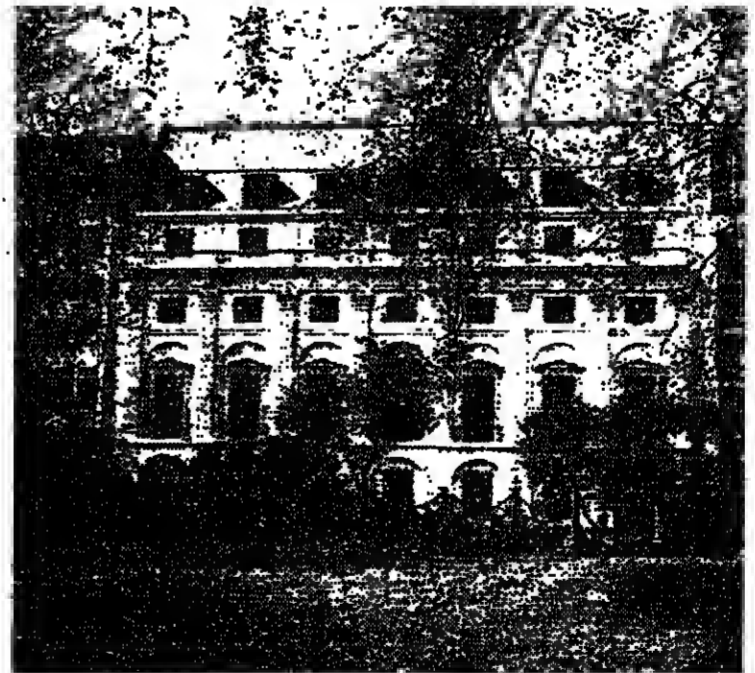
FROGMORE ESTATES PLC RESULTS FOR THE YEAR ENDED 30TH JUNE 1989

HIGHLIGHTS

- Pre-tax profits £30.4m
- Dividend up 10%
- Net asset value 580p per share, up 25%
- Investment portfolio value £242m, up 30%

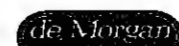
The Annual Report and Accounts will be circulated to shareholders on 16th October 1989, and copies will be available from the company's registered office at Oliver House, 23 Windmill Hill, Enfield, Middlesex EN2 7AB (Tel: 01-366 9511)

LONDON'S CLASSIC NEW HEADQUARTERS



70,000 SQ FT TO LET

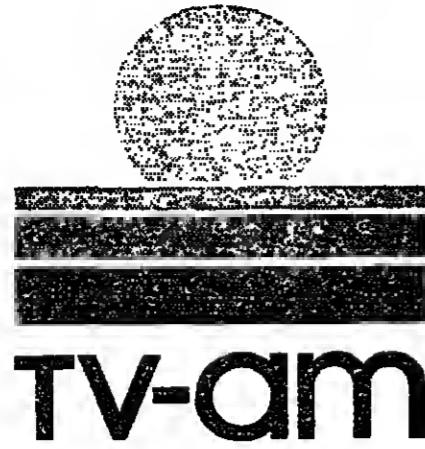
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STRONG PROFIT GROWTH MAINTAINED

	Half-year to 31st July (UNAUDITED)		% change
	1989	1988	
Turnover	£36.1m	£28.8m	+25.2%
Profit Before Tax	£9.7m	£7.8m	+24.3%
Earnings Per Share	9.5p	7.6p	+25.0%
Dividend Per Share	2.0p	1.5p	+33.3%

- Buoyant advertising revenue.
- Concentration on franchise retention.
- Expansion of regional network.
- Comprehensive news development.

These are the main points of the Chairman's statement which is being emailed to all shareholders. The content of this statement, for which the Directors of TV-am plc are solely responsible, have been approved for the purpose of Section 57 of the Financial Services Act, 1986 by Arthur Andersen & Co., as an authorised person.

Ramar Textiles plc

MANUFACTURERS AND DISTRIBUTORS OF LADIESWEAR

Strong Recovery

Audited Results for the 52 weeks to 26 May 1989

	1989	1988
Turnover	£000 24,682	£000 20,023
Profit on ordinary activities before tax	837	14
Earnings per share	4.06p	0.24p
Dividend per share	1.75p	1.75p

The results for 1988 were adversely affected by a serious fire at our warehouse at the end of 1986.

Extracts from the Chairman's Statement:

Trading

The general slowing down of retail sales following a series of rises in interest rates resulted in a build up of pre sold stocks, adversely affecting the second half year. However, profitability was maintained in the second half due to improved efficiency.

We successfully expanded our sales in fashion lingerie which has become a major growth area for our business. A new beachwear range was launched in the latter part of the season and initial results are encouraging.

Prospects

The financial year ended with record stockholdings which unfortunately continued to grow during the first quarter. The high level of interest rates has depressed consumer spending and hot summer weather discouraged our customers from calling in Autumn stocks which we began manufacturing in April. The Group has recovered strongly since the fire in November 1986 and we continue to perform well in what is a highly competitive market. Whilst margins have been squeezed, our order situation is encouraging.

Colin Radin, Chairman

This notice is issued in compliance with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an offer or invitation to the public to subscribe for or purchase any securities of Tullow Oil plc ("the Company"). Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the issued ordinary share capital of the Company in the Unlisted Securities Market. Dealings are expected to commence on 5 October, 1989. It is emphasised that no application has been made for these shares to be admitted to Listing.

TULLOW OIL plc

(Incorporated in the Republic of Ireland under the Companies Acts, 1963 to 1983, Registered No 109001)

INTRODUCTION BY

SHEPPARDS

IN ASSOCIATION WITH

ALLIED IRISH SECURITIES LIMITED, O'BRIEN & TOOLE

AND

ICC CORPORATE FINANCE LIMITED

of the existing ordinary shares of IR 10p each currently traded on the Third Market.

SHARE CAPITAL

Authorised	Issued and fully paid
IR£100,000,000	IR£9,373,689

Tullow Oil plc is an independent hydrocarbons production and exploration company with interests in proven gas fields in the United Kingdom and Senegal and an exploration programme in the United Kingdom, Senegal and Italy.

Full particulars of the Company are available in the Extel USM Statistical Service and copies may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 3rd October, 1989 from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London, EC2A 1DD and up to and including Thursday 19th October, 1989 from:

ICC Corporate Finance Limited, 31/34 Harecourt Street, Dublin 2. Sheppards, No. 1 London Bridge, London, SE1 9QU. Allied Irish Securities Limited, 3 College Green, Dublin 2. O'Brien & Toole, 2 College Green, Dublin 2.

29th September, 1989.

UK COMPANY NEWS

All-round improvement for Haden MacLellan

By Clay Harris

HADEN MACLELLAN Holdings, the industrial conglomerate headed by Mr Philip Ling, increased pre-tax profits from £2.4m to £5.31m in the six months to June 30.

With turnover growing only by 68 per cent to £127.7m (£75.9m), the result reflected a healthy improvement in margins. At the operating level, they rose from 3.5 per cent to 3.2 per cent.

All divisions reported better results than in the 1988 half. The only loss-making part, automated manufacturing systems in North America, reduced its pre-tax deficit from £1.26m to £89,000. It is expected to show a profit for the full year as motor industry customers take delivery of orders.

Its counterpart in the UK and Europe lifted profits to £2.62m (£458,000), while the contribution from manufacturing rose to £3.73m (£2.24m). Distribution showed a more modest increase to £1.52m (£1.42m).

Drypure, a patented system for processing paint sludge, is expected to make its first contribution to profits next year.



Philip Ling: A healthy improvement in margins

Haden has moved away from its original plan to install the system in car manufacturers' plants towards a joint venture operating external reprocessing facilities in association with Meridian National, a US chemical waste treatment company.

Haden's £20m takeover of WA Holdings, the distributor of a wide range of industrial products, took effect only two weeks before the end of the

half. They are now making a "useful contribution," Haden said.

Earnings per share more than doubled to 26.5p (2.9p). The interim dividend is raised by two thirds to 2.5p (1.5p).

COMMENT

Considering the unfortunate pre-crash timing of his creation of Haden MacLellan two years ago, and the heavy toll from the subsequent investment freeze in the US motor industry, Mr Philip Ling has not done badly at all. A lower profile, and sticking to basics, suits him. He is confident now that everything will pay off in 1990, as Drypure moves into profit and the US automated manufacturing systems side reaps a long-awaited harvest.

On house stockbroker Barclays de Zoete Wedd's pre-tax forecast of £24m for the full year, the prospective plc is 11.5. Other than less bullish, and worry about Drypure's vulnerability to environmental concerns in the short term and changes in paint technology in the long term.

Borthwicks to gain access to US market with \$14.5m buy

By Christopher Parkes, Consumer Industries Editor

BORTHWICKS, the care-worn food group, has agreed conditionally to pay \$14.5m (\$9m) for Globe Extracts, a battered US food flavours manufacturer.

The purchase is intended to complement Barnett & Foster, the company's existing UK-based flavours business, and spice up its performance by giving it access to the north American market.

Globe's three plants in Long Island, Rhode Island and Los Angeles straddle the US, supplying mainly natural flavours. Barnett & Foster, which accounts for more than 15 per cent of sales at Borthwicks, supplies soft drinks makers and food processors with fruit and savoury flavours.

Globe's recent performance has been marred by calamities involving its former parent's

filing under Chapter 11 for protection from its creditors, and a later, abortive attempt by its new owners to diversify into fragrances.

In 1988, Globe showed an operating profit of just \$13,000 on sales of \$15.6m. In the nearest comparable period, the year to March, 1986, it made \$1.2m at the operating level on turnover of \$14.3m.

Mr Cornel Riddin, chief executive of Borthwicks since last December, said that Globe was now on the road back to this level of profitability. Unaudited management accounts for the seven months to July, showed operating profits at \$760,000 and turnover at \$10.2m.

Last June Borthwicks announced an interim pre-tax loss of £2.14m, compared with profits of £304,000. The deficit

followed a series of disposals, the abandonment of an expensive new meat manufacturing process, and sweeping restructuring provisions.

The Globe purchase will involve \$13.7m payable on completion, of which \$3.8m will be financed by the issue of 6m new ordinary shares. The balance will be held back for up to two years.

There is a further deferred consideration, which will allow Globe's management to share in profits over three years, limited to a maximum of \$900,000. Borthwicks said trading had been very satisfactory in the second half. Barnett & Foster showed further growth in sales and profit, and "resolute measures" taken in meat products were starting to show through in an improved bottom line.

Tyndall recovers to £3.51m after loss in previous six months

By Nikki Tall

TYNDALL HOLDINGS, the financial services group, reported a recovery in pre-tax profits to £3.51m in the six months to the end of June.

This compared with a pre-tax profit of £7.03m in the first half of 1988. However it represented a substantial improvement on the £3.18m deficit in the second half last year, when Tyndall finally took a £9.8m write-down on the assets of its Australian life insurance company above the line.

The 1987 accounts were qualified, as the auditors suggested that the effects of the 1987 stockmarket crash on the Australian life business should be taken as an exceptional item, rather than an extraordinary item.

The fund management operations, with about £30m under management, made a first-half trading profit of £222,000. This compared with a deficit of a little more than £2m in 1988, which Tyndall claimed was a reflection of the costs of starting new offices and the fees involved in making acquisitions.

In the Australian fund management division, with some A\$1bn under management, there is a profit of £1.75m. The comparable figure was £1.82m, which the company said was unrepresentative because some of the surplus arising in this area was moved, for tax reasons, to "unallocated overhead".

In the present year, the charge for unallocated over-

head in London was £266,000 and in Sydney, £143,000, against surpluses of £52,000 and £94,000 respectively in 1988.

The banking and trust divisions were more straightforward, showing profits of £1.78m (£1.06m) and £307,000 (£188,000).

The Sydney-based life insurance division turned in £2.01m, against £5.08m. The group maintained that its assets had been "reviewed and comprehensively re-organised".

Interest charges were £1.5m (£1.37m). Tax took £202,000 (£697,000) which Tyndall seemed to feel was indicative of the heavy full-year level, reflecting the small proportion of on-shore UK funds managed by the group.

Earnings per share worked out at 4.1p, compared with 7.1p. The interim dividend is maintained at 2.5p.

The deal, already announced with Industrial Equity (IEL) gained shareholder approval earlier this month. This gives IEL an 18 per cent stake in Clayton Robard, Tyndall's Australian arm, in return for the sale of Liberty Life group, with which IEL has guaranteed to place a minimum of A\$100m under management, by IEL to Clayton.

Tyndall is also talking of new investment products in the UK, including a closed-end east European investment fund to be launched next week.

Colroy builds 68% increase to £4.37m

Colroy, the regional housebuilder which came to the market in June 1988, reported a 68 per cent rise in pre-tax profits from £2.6m to £4.37m for the year to July 31, 1989. Turnover was up 89 per cent from £14.65m to £29.43m.

The company said it had applied a cautious land operation policy and the stock of 987 plots was ample. At the year end it had a positive cash balance and nil gearing.

The recommended final dividend of 5.5p makes a total of 7.5p payable from earnings of 30.46p (25.02p).

Interest rates hit Youghal Carpets

Interest rates were blamed by Youghal Carpets for a fall into loss for the six months to the end of June. On turnover of £34m (£29.86m), against £533m the Irish-based company incurred a pre-tax loss of £331,000.

Directors said that high UK interest rates had hit demand for tufted carpets but demand on the contract side and for Axminster had not suffered to the same extent. The Irish market had been more buoyant.

The loss per share was 0.62p (0.2p earnings).

U.S. \$200,000,000
Midland International
Financial Services B.V.
(Incorporated with limited liability
in The Netherlands)
Guaranteed Floating Rate
Notes due 1989
Guaranteed on a subordinated basis as to
payment of principal and interest by
Midland Bank plc

Notice is hereby given that for the
six months Interest Period from
September 11, 1989 to March 12,
1990 (182 days) the Note Rate has
been determined at 9 1/4% per
annum. The interest payable on
the relevant interest payment date,
March 12, 1990 will be U.S.
\$458.16 per U.S. \$10,000 nominal
amount.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
September 29, 1989

Wells Fargo
& Company
U.S. \$200,000,000
Floating Rate
Subordinated Notes
due 2000

In accordance with the
provisions of the Notes, notice
is hereby given that for the
Interest period
29th September, 1989 to
31st October, 1989
the Notes will carry an Interest
Rate of 9 1/4% per annum.
Interest payable on the relevant
interest payment date
31st October, 1989 will amount
to US\$81.67 per US\$10,000 Note
and US\$408.35 per US\$50,000
Note.

Agent Bank:
Morgan Guaranty Trust
Company of New York
London

Wells Fargo
& Company
U.S. \$150,000,000
Floating Rate
Subordinated Notes
due 1992

In accordance with the
provisions of the Notes, notice
is hereby given that for the
Interest period
29th September, 1989 to
31st October, 1989
the Notes will carry an Interest
Rate of 9.225% per annum.
Interest payable on the relevant
interest payment date
31st October, 1989 will amount
to US\$82.00 per US\$10,000
Note.

Agent Bank:
Morgan Guaranty Trust
Company of New York
London



Foseco

INTERIM ANNOUNCEMENT

Half year to 30th June 1989

Financial Highlights

PROFIT BEFORE TAX £24.5 million Up 16%

EARNINGS PER SHARE 16.3 pence Up 18%

DIVIDEND PER SHARE 5.0 pence Up 19%

- Growth in profits and trading margins
- Results ahead in all three divisions
- Substantial investment for the future

Extract from the Statement by Tony Chubb, Chairman of Foseco plc

Continuing investment is planned for the remainder of 1989 as part of our strategy of allocating resources to opportunities for developing growth from our existing activities. Although trading conditions are more unsettled in a number of markets, we consider that we are following plans for the growth of the Group which are soundly based and, thus, give confidence for the future.

Foseco plc 285 Long Acre, Nechells, Birmingham, England B7 5JR

TECHNOLOGY

Food technology has become more than a... recovering after loss in six months

Keeping the bugs out of the recipe

Rachel Johnson explains how a Marks and Spencer supplier sets about making trouble-free food

Sales of all these foods are disrupted. The UK's £50m pâté market was affected when...

The sick of livers - together with pork fat, streaky bacon, sherry, rusk, soya protein and other sliced ingredients - is kept chilled in the "raw" side of the food factory.

Each piece of equipment, and each M and S product, has its own specification. The cleaning routines involve the equipment being scrubbed several times a day and sterilised with a detergent called Tego.



One of the capped, hair-netted and gloved members of staff dealing with ingredients at Sun Valley Poultry

Fish shells have hidden depths

NEXT time you eat crab, shrimps or oysters, remember that the shell as you lose away contains a substance which provides to be the wonder ingredient of the 1990s.

Chitin is one of the world's most common polysaccharides, but until recently it has been dismissed as a waste product. Organic chemists are working on ways to use derivatives, chitosan, in everything from face powder to agriculture.

The unusual property of chitosan is that it is positively charged and so is attracted to negatively charged molecules, such as protein. In cosmetics, for example, chitosan helps the lotion stick to the skin or hair.

In Japan, chitosan is already used in water treatment plants because the large polysaccharide molecules bind to protein waste or metal particles, making them easier to extract.

Bullet-proof protection

AS MORE banks and building societies consider removing the glass barrier between clerks and customers, they are faced with a big security problem.

To help solve it, Safetelli, of Bromley, Kent, has invented the idea of bringing down the hatchets by developing an armoured screen which rises from the counter to the ceiling in less than half a second.

The bullet-proof carbon steel barrier is coated with an anti-reflective composite to prevent bullets bouncing off and injuring customers.

Meanwhile, thousands of dishes are on sale in the Food Halls, ready for the consumer to pass off as made at home - where the hygiene risks may well be many times greater.

the frame of the screen, activates the pneumatic pistons which shoot the telescopic screen from the counter recess to the ceiling. Internal brakes slow down the screen for the last third of its journey to prevent structural damage.

Radar tracking of historic sites

THOSE disturbed by the row over the future of the Rose Theatre excavation, in London, will be pleased to learn of a development that enables historical sites to be found and examined before the builder starts digging.

A combination of radar and Geopac's consultancy processing techniques means that a two-dimensional (3-D) map can be produced on screen of structures up to 30 metres below the surface. The machine, designed by Geopac's consultancy Services, of E, Imburg, resembles a cross between a lawn mower and a vacuum cleaner, with a screen.

As it is pushed across the ground, a radar signal is sent downwards. From the speed at which the signal travels, the computer can calculate what obstacles are there, be they part of an ancient monument, water pipes or telephone cable. The machine can also draw more widespread, but less accurate, maps when suspended from a helicopter.

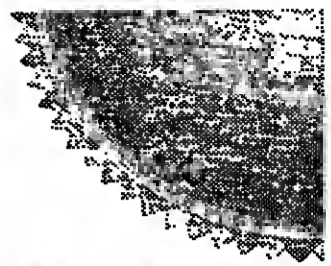
For every linear metre of ground covered, the machine gathers 1 Megabyte of data, so that in one day 2,000 Mbytes can be collected.

Colour on a lap-top

BILLED as Europe's first colour lap-top computer, the Hitachi HL400C looks set to steal a march on rival systems with a 6.33 in liquid crystal display (LCD) which produces graphs and pictures in eight colours.

The HL400C, and three monochrome portable machines, will be on sale from November. A version with a 10 in colour screen should be available within a year.

The IBM-compatible machine has 1 Mbyte of memory (expandable to a 20 Mbyte hard disk) and a built-in rechargeable battery, which lasts for up to three hours of continuous use.



WORTH WATCHING

Edited by Della Bradshaw

The machine uses Hitachi's thin film transistor technology (TFT), a technique already employed in the company's miniature television sets. This "active matrix" technology means that each of the 384,000 pixels, or colour elements, is controlled by its own transistor. The HL400C costs £3,995.

Green light for car emission test

A COIN-operated test kit is about to appear on garage forecourts, designed to tell drivers how much carbon monoxide is emitted by their cars.

Carbon monoxide not only causes breathing difficulties, but also contributes to the greenhouse effect. Emissions look set to be restricted by imminent European legislation.

Customers using the service place a pipe over the car exhaust and leave the engine running. The gases pass into a glass tube and an infrared beam is shone through. A sensor at the far end measures how much of the light spectrum is taken up by the carbon monoxide and so calculate how much of the toxic gas is being produced.

Resembling a set of traffic lights in design, the Green Machine, as it is called by manufacturers Briston of Nottingham, tells the car owner the result via an illuminated sign. A green light means the carbon monoxide content is below 1.5 per cent and an amber light denotes it is between 1.5 and 2.5 per cent. Over that, you get a red light.

CONTACTS: Technical Insights: US, 201 568 4744, Bahrain: London, 484 8256, Gosport: UK, 01 463 6272, Hitachi Europe: UK, 0734 31244, Bristol: UK, 073 532 044.

PUBLIC NOTICES

MMC INVITES EVIDENCE ON ATLAS COPCO AB'S PROPOSED ACQUISITION OF THE DESOUTTER BROTHERS (HOLDINGS) PLC. The Monopolies and Mergers Commission would like to hear from any person or organisation with information or views on Atlas Copco AB's proposed acquisition of Desoutter Brother (Holdings) plc.

EDUCATIONAL

FRENCH 66 IN PROVENCE and FRENCH, DUTCH, ENGLISH or SPANISH 66 IN THE ARDENNES. The advantages of the 'Ceran 66' concept, with residential courses: 1. Intensive study (minimum 30 lessons per week) 2. Plus the constant practice of what you have learnt, every day from 9 a.m. to 10 p.m., with teachers constantly present at residential centres.

COMPANY NOTICES

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED. (Incorporated in the Republic of South Africa) Registration No. 01/00251/06. SUB-DIVISION OF SHARES. At the Annual General Meeting held on 27 September 1989 shareholders passed a Special Resolution to sub-divide the shares in the capital of the company in the ratio of 10 for 1.

CITY OF MONTREAL

3% PERMANENT DEBTURE STOCK NOTICE IS HEREBY GIVEN that the Treasurer's report will be closed from 18th October to 31 October 1989 both dates inclusive THE ROYAL BANK OF SCOTLAND PLC. Registrars Registrar's Department 29 Overseas Street London EC2V 7JH

CLUBS

EVE has suffered the others because of a policy on her play and video money. Showers from 10.30 am. Beer and 100 muskies, glaucous hounders, netting 500kwh. 01-734 007-100, 01-734 007-100.

DISTRIBUTION SERVICES

The Financial Times proposes to publish this survey on: 18th OCTOBER 1989. For a full editorial synopsis and advertisement details, please contact: NEVILLE WOODCOCK on 01-873 3365 or write to him at: Number One Southwark Bridge London SE1 9HL

IC Industries, Inc.

Whitman Corporation U.S. \$75,000,000 13 3/4% Notes 1984-1991 Can. \$50,000,000 12 3/4% Notes 1985-1995. Notice is hereby given to the Noteholders that effective 1st December, 1989, IC Industries, Inc. has changed its corporate name to Whitman Corporation N.V.

IC Industries Finance Corporation N.V.

Whitman Finance Corporation N.V. U.S. \$40,000,000 8 3/4% Guaranteed Notes due 1991 U.S. \$75,000,000 12% Guaranteed Notes due 1990 U.S. \$75,000,000 Retractable Guaranteed Notes due 1993 U.S. \$75,000,000 Guaranteed Floating Rate Notes due 1991 Convertible into 8 3/4% Guaranteed Notes due 1991 U.S. \$225,000,000 Staking Fund Zero Coupon Bonds due 1994

INTERNATIONAL SPECIALITY FUND

10a Boulevard Royal - Luxembourg NOTICE OF DIVIDEND PAYMENT. The General Meeting of Shareholders of INTERNATIONAL SPECIALITY FUND has decided to distribute the income accrued during the financial year to 31st May 1989 by paying a dividend of U.S.\$ 0.16 for each share held on the 21st September 1989.

NOTICE TO THE HOLDERS OF NOTES OF THE RESTAURANT SEIBU, LTD

(the "Company") Issued in conjunction with US \$ 50,000,000 3 3/4 per cent Guaranteed Notes with Warrants due 1991 and US \$ 120,000,000 4 per cent Guaranteed Notes with Warrants due 1993. Change of Trade Name. We hereby give notice of the change of the "Company's" trade name with regard to the captioned Notes.

THE RESTAURANT SEIBU, LTD.

by: Dai-Ichi Kangyo Bank (Luxembourg) S.A., Luxembourg The Dai-Ichi Kangyo Bank, Limited, London Branch as Principal Paying Agents. Zurich, September 22, 1989. Union Bank of Switzerland, Zurich as Principal Paying Agent

Northern Ireland

The Financial Times proposes to publish this survey on: October 1989. For a full editorial synopsis and advertisement details, please contact: Brian Heron Regional Manager on 061-834 9381 (telex 666813) (fax 061 832 9248) or write to him at: Financial Times Alexandra Buildings, Queen Street, Manchester M2 5HT

Notice of Redemption

Rockwell International Corporation US\$ 300 000 000.- 10% Notes due 1992. Notice is hereby given that pursuant to the provisions of the above-described Notes (the Notes) Rockwell International Corporation has elected to redeem all of the outstanding Notes on October 25, 1989 at the redemption price of 100% of the principal amount thereof, together with interest accrued to October 25, 1989.

Union Bank of Switzerland

Fiscal end Principal Paying Agent Union Bank of Switzerland Bahnhofstrasse 45 CH-8021 Zurich. Paying Agents Union Bank of Switzerland (Luxembourg) SA 36-38, Grand-Rue 2011 Luxembourg. Union Bank of Switzerland 117 Old Broad Street London EC2N 1AJ. Morgan Guaranty Trust Company of New York Avenue des Arts 35 1040 Brussels. Morgan Guaranty Trust Company of New York Mainzer Landstrasse 46 6000 Frankfurt am Main

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD

FT 30 FTSE 100 WALL STREET Sep. 2302/2312 -29 Sep. 2302/2312 -29 Oct. 2682/2694 -1 Sep. 1880/1888 -25 Dec. 2328/2338 -29 Dec. 2697/2709 -1 Prices taken at 5pm and change is from previous close at 9pm

THE PROPERTY MARKET

Property shares have been thoroughly out of favour. The sector has been out-performed by the rest of the market. Trading has been flat, that summer spurge of activity set off by takeover activity has long since subsided. The sector is stagnant.

The FT-Actuaries property share index hit its peak on September 5, but it has been downhill since then. Investors have drifted away, clearly believing that the sector is in for a difficult couple of years.

To be sure, it is easy enough to conjure up dismal scenarios. And to the extent that a slow-down in rental and capital growth is likely - indeed, is appearing, as the latest IPD index shows - the prospects for property companies are less exciting than they have been.

For stockbrokers Citicorp Scrimgeour Vickers, "though the historically high share price discounts to current net asset values (averaging 30 per cent) and the sector's relative underperformance over 1989 (of 15 per cent) look a bit overdone, they are understandable."

The development and trading companies have fared little better. Out of fashion since October 1987 they have been trading frequently on a price-earnings ratio of less than 10.

But the stockbroking community generally does not think there is going to be a crash. A slow-down certainly, but not a crash. "We regard suggestions of imminent doom throughout the sector as unwarranted," CIBC Grenfell &

A grey, not a golden, autumn

By Paul Cheeseright, Property Correspondent

Colegrave told clients.

But there are enough adverse factors at play in the property market to make stock market sentiment gloomy. And these factors start with the high level of interest rates - shades of 1974. They have taken their toll, Mr John Beck with chairman of London & Edinburgh Trust, reminded his shareholders this week.

The fear, of course, is that the higher cost of money will generate bankruptcies and forced sales of property at the same time as a slow-down in demand meets the results of the recent development spurge. Clearly there is some substance in this fear.

Most of the better financed property groups have received in recent months an increasing number of offers to buy properties and enter joint ventures. The higher interest rates are hurting the smaller players and recent entrants to the industry.

But that needs to be set against the fact that overall the level of quoted company borrowing is not high and that asset backing is continuing to

rise in value. "All the major companies have a gearing of under 40 per cent," calculated CIBC Grenfell & Colegrave. Trouble is most likely to hit the smaller and least cautious of the property fraternity.

The property share market has never been at home with high interest rates and it became even less so when the creditors moved in at Kentish

Property, the residential developer. But latterly this uneasiness has been compounded by chartered surveyors' estimates of rising amounts of space becoming available, especially in the City of London market. It is easy to play around with supply and demand statistics, especially when the supply figures can be firmly calcu-

lated and the demand figures remain at the level of an educated guess. But the spectre of empty office buildings further rocked sentiment.

There is another side to this. The biggest property investment groups - Land Securities, MEPC, Hammerson, British Land and so on - have seen it before. They just ping on. But they will do so with more optimism this time.

The reason is the factor which has underpinned the industry's recent prosperity. "We believe," said stockbrokers Charterhouse Tilney, "that unlike previous property cycles the cornerstone of property's performance over the next few years will be continued tenant demand as Britain undergoes an urban regeneration of a scale not seen since the Second World War."

This will mean a continued relatively high level of supply but a supply for which there will be ready takers at very respectable rental levels," Charterhouse Tilney declared.

It has to be said that although tenants, particularly in the central London market,

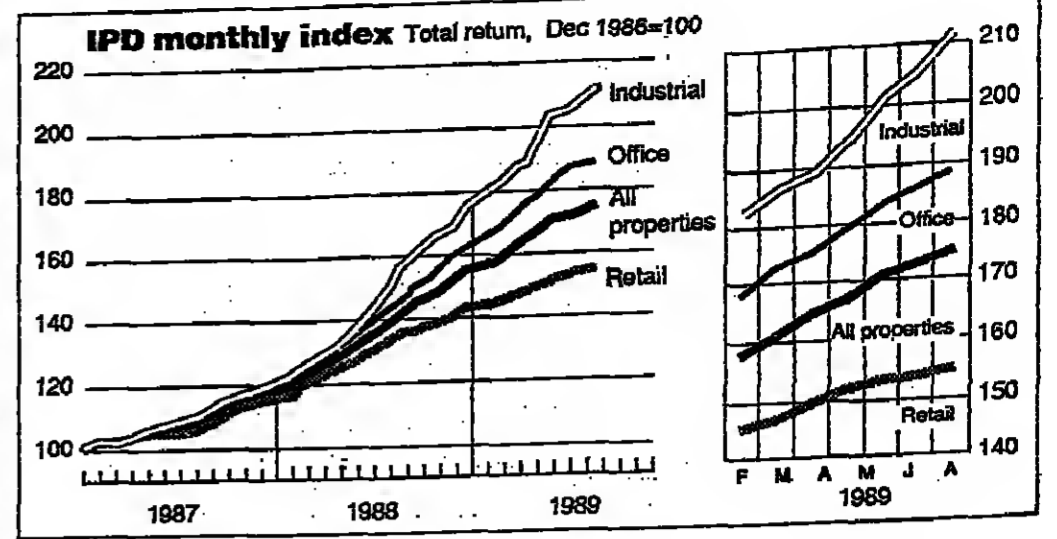
may be taking their time to book space, they are booking it. There is a deal of foreign money in the market looking more for long-term opportunities than for a quick turn.

It is possible then to set the gloomy stock market sentiment into a wider and cooler perspective. At the same time it is difficult to see that there are any immediate reasons why the gloom should lift. Underlying factors do not change from day to day.

There might, it is true, come a realisation that with stocks on a 30 per cent discount to net asset value, most bad news that can be envisaged is already written off in the current level of share prices. More likely sentiment will change from outside factors or a burst of corporate activity.

The main outside factor which would give the stocks a spurt of activity would be a fall in interest rates. But given the latest set of trade figures, there are not many who would bank on that happening soon.

Corporate activity, with the larger companies buying up the smaller and less well-funded, has been on the cards for some months and becomes more probable the longer the financial squeeze lasts. There has been a considerable amount of activity already this year with the takeover, most notably of Arlington Securities, by Hurry Merchant Developers and Randsworth Trust but none of this has sprung from the immediate economic situation. For the stock market, the autumn looks more likely to be grey than golden.



Returns up, growth down

Returns on property investment are rising, but the rate of growth is slowing, continuing the trend that set in at the beginning of the year.

The August portfolio measurements from the Investment Property Databank show that the annual rate of return has slipped to 23.5 per cent from 31.7 per cent at the end of December 1988. "Total return for this year, if projected at a continuance of the rate for the first eight months, will be 20.21 per cent," IPD said.

Best returns have again come from the industrial sector, which, with an August total return of 2.9 per cent, produced its second highest figure of the year. By comparison the total return from offices was 1.8 per cent and for retail property 0.9 per cent.

Yields on industrial properties moved downwards as capital values rose by 2.4 per cent during the month, making 7.3 per cent over the last three months. Industrial rental values rose 1.5 per cent.

But for both offices and retail property the rental growth was the lowest in August for the year so far at 0.8 per cent and 0.6 per cent respectively.

Equally, capital growth was sluggish and the annual rate for retail property has slipped below 10 per cent for the first time since 1986. At 0.9 per cent, the capital growth in the office sector was the lowest of the year.

Against the background of slowing returns, the institutions measured by IPD have continued to trade their property and recently there has been an escalation of activity.

But, by capital value during the year to August, sales outnumbered purchases in the retail sector and in offices. Only with industrials were purchases more than sales.

This announcement appears as a matter of record only.

WIMPEY PROPERTY

£168,000,000

Limited Recourse Term Loan Facility

for



LITTLE BRITAIN
CITY OF LONDON

Arranged by

COUNTY NATWEST

Underwriters

- | | |
|--|---------------------------------|
| ANZ McCaughan Merchant Bank Ltd | Lloyds Bank Plc |
| Banque Nationale de Paris, London Branch | National Westminster Bank PLC |
| Canadian Imperial Bank of Commerce | NatWest Investment Bank Limited |
| The Industrial Bank of Japan, Limited | The Royal Bank of Canada |

Standard Chartered Bank

Legal Advisers
Allen & Overy

Property Advisers and Valuers
Hillier Parker

Agent

NatWest Investment Bank Limited

© The NatWest Investment Bank Group

This announcement appears as a matter of record only.

COUNTY HALL DEVELOPMENT GROUP PLC

£170,000,000

Standby Loan Facility

for

County Hall,
London, S.E.1

£135m Senior Debt Facility

£35m Junior Debt Facility

Arranged by

Bank of Tokyo International Limited

County NatWest Limited

Junior Debt provided by

NatWest Investment Bank Limited
Creditanstalt-Bankverein

The Bank of Tokyo, Ltd
The Dai-ichi Kangyo Bank, Limited

The Mitsubishi Trust and Banking Corporation

Senior Debt Underwriting Banks

The Bank of Tokyo, Ltd
Creditanstalt-Bankverein

The Bank of Nova Scotia
National Westminster Bank PLC

Svenska Handelsbanken, London Branch

The Dai-ichi Kangyo Bank, Limited

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EZD Property Group Plc, World Trade Centre, London E1 9UN Tel: 01-480 7513

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DJ'S IN MAYFAIR

...n-gale dis - in - at the Ritz. And a night-in-gale sang in "Ber - k'ley Square.
 ...y, cra - zy - night we met. When a night-in-gale sang in Ber - k'ley Square.

E7 Fm7 Eb Cm Fm Bb7 Eb Cm

I may be wrong, but I'm perfect - ly will - ing to swear, That
 ...best head and fast, like a mer - ry - go - round in a fair, For

Eb Gm Eb Ab G7 Cm Abm6



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All with the benefit of an outline planning consent for an integrated development including Hotel Conversion for between 180 and 220 bedrooms, two international tournament standard Golf Courses, Holiday Apartments. In addition, there is substantial scope for Residential Developments, a Riding Centre and a Craft Workshop Complex.

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 Craighs, Glennie & Whyte, Solicitors,
 13 Bon-Accord Crescent, Aberdeen AB9 1NQ.
 Tel: (0224) 588295. Fax: (0224) 575400.

6

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 (Broker is also a trustee of Schaeffer Land Trust)
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- This establishment will purchase 200 4-DOOR, 2-coach, buses, (towing end trailing, connected with rotating cross jointed cradle covered by below), to be used in transportation within the city with International credit.
- The Administrative and Technical Specifications (Turkish-English) concerning this tender may be obtained from the Commerce office, Supply, Construction Installation Department of this establishment on payment of 2.000.000, Turkish liras, es of fomr 27 September 1989.
- As per provisions of the Administrative Specifications an interim warranty letter will be attached to the offer to be submitted.
- The firms who are interested in the tender should deliver or mail their offers to be prepared in accordance with the administrative end technical specifications, to this establishment no later than 10.00 hours local time on 15 November 1989.
- This establishment is not under jurisdiction of Code No 2886.
- No delay in mail will be accepted.

ANKARA METROPOLITAN MUNICIPALITY
GENERAL DIRECTORATE
OF ELECTRIC, GAZ AND BUS AUTHORITY
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 New flexible leases Available Now Possible Freehold Available

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 "Campus Style" office building on 2 floors totalling 46,000 sq. ft. set around private gardens suites available from 2,000 sq. ft. to 46,000 sq. ft. consent to construct extra floors possible. Site area: 1.25 acres. Suit occupier/developer/investor. £10 per sq. ft. or freehold available

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COMMODITIES AND AGRICULTURE

Brazil's coffee chief plans tough stance at pact talks

By John Barham in Sao Paulo
MR JORIO Dauster, president of the Brazilian Coffee Institute, said yesterday that any attempt to negotiate a new International Coffee Agreement would have to take into account the consolidation of Brazil's lead in the coffee market.

India and Bangladesh plan jute strategy

By K.K. Sharma in New Delhi
INDIA AND Bangladesh have agreed to formulate a joint strategy for marketing jute in world markets in the hope of getting better prices for the commodity.

Sheep turned away at Suez Canal

By Tony Walker in Cairo
EGYPT HAS refused to allow a shipment of 10,000 Australian live sheep to be transhipped through the Suez Canal on the grounds that the animals are diseased.

Good start for base metals index

By Kenneth Gooding, Mining Correspondent
METALLGESELLSCHAFT, the diversified West German natural resources group, says that trading in its new MG Base Metal Index is off to a better-than-expected start.

chief executive designate, said yesterday that the exchange would watch the progress of the MGMI closely but he doubted if any action would be taken quickly.

Wool holds back Australian commodity earnings

By Chris Sherwell in Sydney
THE AUSTRALIAN Government, in a quarterly review of export earnings from the commodities sector in the current year, has again revised downwards its official forecasts for wool, the country's biggest resource export.

Brussels tries to defuse levy row

By Tim Dickson in Brussels
FINANCIAL PRESSURES on the European Community's cereals farmers could be eased marginally if a proposal for a temporary tax introduced after the famous 1988 EC "stabilisers" Summit designed to discourage overproduction.

creditors of the International Tin Council yesterday extended for a month the deadline by which they want the 22 EEC member countries to settle out-of-court their claims arising from the 1985 collapse of the ITC's tin price support scheme.

Palm oil producers launch 'informal' cartel

MALAYSIA'S MAJOR oil palm plantations, which control more than 60 per cent of the country's production, have launched an informal cartel to try to support prices, Kuala Lumpur traders said, reports Reuters.

LONDON MARKETS

TIN prices rose sharply late in the day on the LME. Traders said active buying of both cash and three months delivery from an influential merchant, recently evident as a seller, sparked the market into a rally.

COCOA - London FOB (5 tonnes)
Table with columns: Date, Close, Previous, High/Low, etc.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)
Table with columns: Metal, Grade, Price, etc.

SOYABEAN MEAL - IFE (5 tonnes)
Table with columns: Date, Close, Previous, High/Low, etc.

CRUDE OIL - IFE (5 tonnes)
Table with columns: Date, Close, Previous, High/Low, etc.

SUGAR - London FOB (5 per tonne)
Table with columns: Date, Close, Previous, High/Low, etc.

SPOT MARKETS
Table with columns: Commodity, Price, etc.

US MARKETS

CRUDE OIL (Light) 42,000 US galls (\$/barrel)
Table with columns: Date, Close, Previous, High/Low, etc.

NEW YORK

GOLD 100 Troy oz (\$/roy oz)
Table with columns: Date, Close, Previous, High/Low, etc.

COMMODITIES

WHEAT (No. 2) 5,000 bushels
Table with columns: Date, Close, Previous, High/Low, etc.

ENERGY

HEATING OIL (No. 2) 42,000 US galls (\$/barrel)
Table with columns: Date, Close, Previous, High/Low, etc.

AGRICULTURE

WHEAT (No. 2) 5,000 bushels
Table with columns: Date, Close, Previous, High/Low, etc.

MARKETS

WHEAT (No. 2) 5,000 bushels
Table with columns: Date, Close, Previous, High/Low, etc.

MARKETS

WHEAT (No. 2) 5,000 bushels
Table with columns: Date, Close, Previous, High/Low, etc.

FRUIT AND VEGETABLES

One of this week's best buys are Cora's apples 25-50p a lb, reports FFVB. Also plentiful are Bramley apples 20-40p.

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ENERGY EFFICIENCY
The Financial Times proposes to publish this survey on: 9th OCTOBER 1989

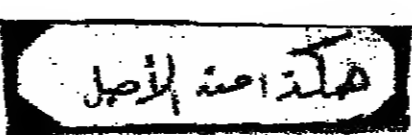
FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Main table containing unit trust information, organized into columns for various trust categories and their respective prices.

GUIDE TO UNIT TRUST PRICING. Includes sections for INITIAL CHARGES, NET ASSETS, and CANCELLATION FEE.



FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Table containing FT Unit Trust Information Service data, including columns for Fund Name, Price, Yield, and various fund categories like UK Equity, International, and Bond Funds.

LONDON SHARE SERVICE

Table containing London Share Service data, including columns for Fund Name, Price, Yield, and various fund categories like British Funds, Foreign Funds, and Loans.

Money Market Bank Accounts

Table containing Money Market Bank Accounts data, including columns for Bank Name, Account Type, and Interest Rates.

UNIT TRUST NOTES
Prices are in pence unless indicated...
UNIT TRUST NOTES
Prices are in pence unless indicated...

LONDON SHARE SERVICE

Main table containing share prices for various sectors: AMERICANS, BUILDING, TIMBER, ROADS, DRAPERY AND STORES, ENGINEERING, INDUSTRIALS (Miscel.), and CANADIANS. Each section lists company names, stock prices, and other financial data.

Handwritten Arabic text at the bottom center of the page.

Handwritten note: "Vol 10112"

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-225-2123

LEISURE table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Leisure Group, Leisure Leisure, and Leisure Leisure.

PAPER, PRINTING, ADVERTISING - Contd table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Paper Publishing, Paper Publishing, and Paper Publishing.

TEXTILES - Contd table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Textiles, Textiles, and Textiles.

TRUSTS, FINANCE, LAND - Contd table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Trusts, Finance, and Land.

OIL AND GAS - Contd table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Oil and Gas, Oil and Gas, and Oil and Gas.

MINES - Contd table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Mines, Mines, and Mines.

MOTORS, AIRCRAFT TRADES table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Motors, Aircraft, and Motors.

PROPERTY table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Property, Property, and Property.

TRANSPORT table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Transport, Transport, and Transport.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Trusts, Finance, and Land.

OVERSEAS TRADERS table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Overseas, Overseas, and Overseas.

THIRD MARKET table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Third Market, Third Market, and Third Market.

NEWSPAPERS, PUBLISHERS table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Newspapers, Publishers, and Newspapers.

SHOES AND LEATHER table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Shoes and Leather, Shoes and Leather, and Shoes and Leather.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Trusts, Finance, and Land.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Trusts, Finance, and Land.

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TRUSTS, FINANCE, LAND table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Trusts, Finance, and Land.

PAPER, PRINTING, ADVERTISING table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Paper, Printing, and Advertising.

SOUTH AFRICANS table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like South Africans, South Africans, and South Africans.

TEXTILES table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Textiles, Textiles, and Textiles.

OIL AND GAS table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Oil and Gas, Oil and Gas, and Oil and Gas.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Trusts, Finance, and Land.

REGIONAL & IRISH STOCKS table with columns for Stock, Price, % Chg, Bid, Offer, and Volume. Includes companies like Regional and Irish Stocks, Regional and Irish Stocks, and Regional and Irish Stocks.

TRADITIONAL OPTIONS 3-month call rates. Includes a list of companies and their option rates.

Notes section containing various financial and market-related information.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Central banks hold dollar rise

CENTRAL BANKS intervened on Wednesday as they sought to control the dollar's rise. But despite all the intervention and the dollar's steady tone, the result was only a qualified success.

rates higher. Such a move would almost certainly be followed by a rise in other European centres, including at least a one point rise in UK bank lending rates.

The dollar opened on a slightly firmer note yesterday despite further intervention by the Bank of Japan in Tokyo.

FINANCIAL FUTURES

Short sterling continues to fall

TRADING WAS quieter on the Life market yesterday, but still reasonably active, with West German Government bonds showing little change.

less upward pressure on German interest rates. Nevertheless an increase of 1/2 per cent in official interest rates is already discounted in the structure of fixed period rates and such a move is widely expected at next week's Bundesbank council meeting.

weaken, closing at 85.67, only just above the day's low of 85.66, and compared with the previous settlement of 85.76.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, Unit, % change from previous day, % change from previous week.

£ IN NEW YORK

Table with columns: Spot, 1 month, 3 months, 6 months, 12 months.

STERLING INDEX

Table with columns: Date, Index value, % change.

CURRENCY RATES

Table with columns: Country, Currency, Rate, % change.

CURRENCY MOVEMENTS

Table with columns: Country, Movement, % change.

OTHER CURRENCIES

Table with columns: Country, Currency, Rate, % change.

LEFFE LONG GILT FUTURES OPTIONS

Table with columns: Strike, Call, Put, % change.

LEFFE US TREASURY BOND FUTURES OPTIONS

Table with columns: Strike, Call, Put, % change.

LEFFE BOND FUTURES OPTIONS

Table with columns: Strike, Call, Put, % change.

LEFFE 4% OPTIONS

Table with columns: Strike, Call, Put, % change.

LEFFE EUROPEAN OPTIONS

Table with columns: Strike, Call, Put, % change.

LEFFE SHORT STERLING OPTIONS

Table with columns: Strike, Call, Put, % change.

25-YEAR 7% NATIONAL GILT

Table with columns: Date, Price, % change.

10-YEAR 9% NATIONAL GILT

Table with columns: Date, Price, % change.

U.S. TREASURY BILLS (90 days)

Table with columns: Date, Price, % change.

U.S. TREASURY BILLS (180 days)

Table with columns: Date, Price, % change.

U.S. TREASURY BILLS (270 days)

Table with columns: Date, Price, % change.

U.S. TREASURY BILLS (360 days)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (10% 1980)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (12% 1980)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (15% 1980)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (18% 1980)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (21% 1980)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (24% 1980)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (27% 1980)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (30% 1980)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (33% 1980)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (36% 1980)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (39% 1980)

Table with columns: Date, Price, % change.

U.S. TREASURY BONDS (42% 1980)

Table with columns: Date, Price, % change.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: Term, Rate, % change.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Term, Rate, % change.

EURO CURRENCY INTEREST RATES

Table with columns: Currency, Term, Rate, % change.

EXCHANGE CROSS RATES

Table with columns: Currency, Rate, % change.

BASE LENDING RATES

Table with columns: Bank, Rate, % change.

EUROPEAN OPTICS EXCHANGE

Table with columns: Item, Price, % change.

MONEY MARKETS

A likely dilemma

THIS MORNING is likely to be a very nervous period for the London money market. A surplus of day-to-day credit in the last two days has given no obvious opportunity for the Bank of England to signal a rise in bank base rates.

FT LONDON INTERBANK FIXING

Table with columns: Term, Rate, % change.

MONEY RATES

Table with columns: Term, Rate, % change.

LONDON MONEY RATES

Table with columns: Term, Rate, % change.

NEW YORK

Table with columns: Term, Rate, % change.

NEW YORK

Table with columns: Term, Rate, % change.

NEW YORK

Table with columns: Term, Rate, % change.

KEY MARKETS KEY INFORMATION KEYPAD. Do you have access to real-time data on 2,500 securities... THE INTERNATIONAL STOCK EXCHANGE LONDON

01-681 0215 Market-Eye The Investor's Channel. JOTTER PAD

CROSSWORD No. 7,050 Set by HIGHLANDER. 1 Sergeant accompanies girlfriend to dance (8)...

World Markets

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, Germany, Italy, Switzerland, and Japan. Columns include stock names, prices, and percentage changes.

CANADA

Table of Canadian stock market data, including Toronto and Montreal indices and individual stock prices.

Table of stock market data for various countries including Australia, Hong Kong, and Singapore. Columns include stock names, prices, and percentage changes.

INDICES

Table of financial indices for various regions, including Dow Jones, Standard and Poor's, and others.

Table of New York Active Stocks and Trading Activity, listing stock names, prices, and trading volumes.

Table of Tokyo - Most Active Stocks, listing stock names, prices, and percentage changes.

Advertisement for Financial Times featuring a watch and the slogan 'Keep the world in focus.' Includes contact information for the publication.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock names, prices, and changes. Includes sub-sections for 13 Month, 12 Month, and 11 Month price movements.

Wall Street

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes a section for 'Some figures are unofficial Yearly Highs and Lows'.

OVER-THE-COUNTER

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

4pm prices September 29

Table of 4pm prices for September 29 listing various stocks with columns for stock name, price, and change.

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AMERICA

Dow rises sharply on late trading

Wall Street

A LATE afternoon spurt of futures-related programme trading pushed equities up sharply after a quiet start to the day, writes Karen Zagor in New York.

The Dow Jones Industrial Average was up 21.85 points at 2,694.91. Volume was moderately heavy on the New York Stock Exchange, with 164.2m shares changing hands. Advancing issues led those declining by 827 to 524.

Among other market indices, the Standard & Poor's 500 was up 3.5 points at 338.6, the New York Stock Exchange Composite rose 1.73 points to 193.55 and the American Exchange Composite advanced 2.71 points to 355.76.

The stock market rally came in spite of a slight decline in the debt market, where US treasuries moved narrowly lower in quiet afternoon trading. The Treasury's bellwether 30-year bond was quoted down 1/4 point at 86 1/2, yielding 8.25 per cent.

The bond market received some initial support from the dollar, which remained relatively firm in spite of a fourth day of central bank selling.

The dollar changed hands at \$140.65 and DM1.8825, above \$140.25 and DM1.8800 late on Wednesday in New York.

IBM continued to plunge in the wake of its revised third quarter earnings estimate, released Wednesday, which showed lower-than-expected earnings projections. Shares in the company fell 2 1/2% to \$108 1/2 in heavy trading.

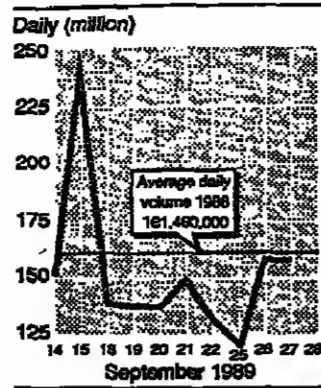
However, the decline in IBM stock was offset by gains in other blue chip issues including Philip Morris, which jumped 3/4% to \$165 1/2; Procter and Gamble, which gained 3/4% to \$120 1/2; and Merck which added 3/4% to \$76 1/2.

A number of computer stocks followed IBM's descent including Digital Equipment, which fell 1 1/2% to \$91 1/2, and Compaq which slid 1 1/2% to \$86 1/2. However, Unisys was up 3/4% to \$19 and Apple gained 3/4% to \$45 1/2 in over-the-counter trading.

Coca-Cola added 3/4% to \$27 1/2. The soft drinks company has posted gains throughout the week thanks to Sony's \$27-a-share takeover offer for Columbia Pictures. Coca-Cola has agreed to sell its 49 per cent stake in Columbia.

Cadbury Schweppes improved 1 1/2% to \$63 1/2 in

NYSE volume



over-the-counter trading on rumours that Coca-Cola would use the proceeds from the sale of its Columbia shares to launch a takeover bid. General Cinema, which holds a major stake in Cadbury, leapt 3 1/2% to \$27. Sony fell 3/4% to \$61 1/2. In addition to the Columbia takeover, Sony said it would acquire Guhr-Peters Entertainment for \$17.50 a share.

Environmental stocks benefited as investors shifted their attention away from sectors with disappointing earnings projections. Ogdin Corp gained 1 1/2% to \$83 1/2. Waste Management, which jumped 3 1/2% to

\$65 1/2. Browning Ferris, rose 1 1/2% to \$41 1/2 and Wheelabrator Technologies added 3/4% to \$41 1/2.

Gorden Inc jumped 3/4% to \$36 1/2 after announcing a third quarter pre-tax charge of \$77m, which will allow the company to establish an after-tax reserve of about \$404m to restructure its businesses. Gorden said it would restructure its dairy operations and leave some overvalued assets.

AVX soared 8 1/2% to \$29 1/2 after Kyocera of Japan said it would acquire the manufacturer of ceramic capacitors in a stock swap valued at about \$32-a-share. Kyocera added 3/4% to \$20 1/2.

L.A. Gear dropped 1 1/2% to \$43 1/2 after adding \$3 1/2 a day earlier ahead of its third quarter earnings report. Net income for the period was \$1.21 a share, against 50 cents a share the previous year.

Canada

A LATE rally in Toronto pushed stocks to a higher close after active trading.

The Toronto composite index was up 22.9 to 3941, its highest level of the day. Volume was 31m, with gains leading losses 348 to 307.

Finland fails to hold its promise

Shares have nose-dived on economic news, reports Enrique Tessieri

AFTER years of sustained growth, the deterioration in the Finnish economy has slowed trading at the Helsinki Stock Exchange, and sent share prices into a September nose-dive. The market's predicament has not been eased by embarrassing revelations in the politico-economic arena.

The market had a promising start to the year. The Unites all-share index, 727.00 on January 1, peaked at 815.8 on April 18. It went lower after that, but it did not seem to be in serious decline, at 763.73 on September 11.

On that day, there were rumours of an increase in the country's 7.5 per cent base rate. The betting was on 1.5 to 2.5 percentage points. The Governor of the Bank of Finland, Rolf Kullberg, had called for a rise in an attempt to slow down inflation, and there were reports that a four-point increase had been recommended.

However, politics took a hand. Just after the market closed on September 14, the parliamentary board of the Bank of Finland announced that the base rate would not be increased. Equity investors lost

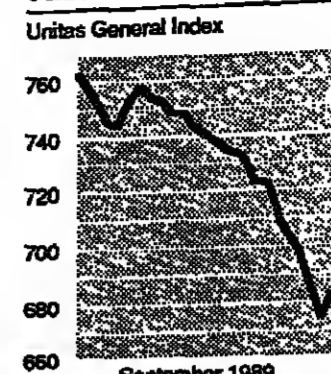
interest, trading took a sharp drop and by Friday, September 22, the index was down to 721.3 after 10 consecutive declines.

It is significant, in this context, that Finland's three-month Helsinki interest rates, effectively "repo" rates applied to the money markets, have been lifted from a much higher base, from 12.84 per cent on September 11 to 13.69 per cent at present.

There was worse to come on the economic front. This week, indications of a bigger than expected trade deficit were confirmed on Tuesday when the National Board of Customs detailed a deficit of FM2.28bn for the first eight months of 1989. Analysts extrapolated that to a FM4.8bn to FM5bn (\$1.1bn to \$1.2bn) indicated gap for the year.

The January/August figure was FM1.2bn higher than expected. It was also higher than last year. A FM5bn gap with the year would compare with original expectations of a FM1bn deficit, and a surplus of FM7.8bn in 1988. The Finnish current account deficit, originally expected to deteriorate from last year's FM12.58bn to around FM11bn, could now be as high as FM23bn in 1989, or

Finland



around 4 per cent of GDP.

Annual inflation for 1989 is expected to jump from last year's 5.1 per cent to 6.7 per cent. The coalition Government has built an 8 per cent increase in spending into its budget for next year. Mr Stefan Haglund of Protos, a Helsinki stockbroking house, believes that inflation will not subside to any useful degree in 1990; his forecast is around 6.2 per cent.

Helsinki brokers agree that the economy is driving the stock market down. The Unites index, down to 697.14 on Tuesday

before the latest economic news, dropped another 22.4 points, or 3.2 per cent to 674.7 on Wednesday. Yesterday, it rose 7.9 to 682.7 in volume of FM75m. Daily trade volumes, according to Protos, have dropped from a previous average of FM100m in the period since September 11.

Mr Haglund believes that the slack is temporary. In mid-October, he says, Finnish companies will be putting out their six- to eight-month interim reports. He expects that these will be positive, and restore confidence in the market: "I believe that when the interim reports come out, trade volumes will be almost back to normal," he says.

However, there are less optimistic views. Mr Jaakko Airava is a security broker, with a firm named Sellin. He perceives signs of panic on the Helsinki exchange, once again blaming the worsening performance of the Finnish economy.

There is nothing positive to say, he claims, about the economy this year. He thinks that this is the key issue, and that next month's interim reports season will not, in the end, have a significant effect on stock market trading.

EUROPE

Results and speculation push up individual issues

THE CONTINENT presented a picture of little change yesterday, with bourses relying on individual stocks for their excitement, writes Our Markets Staff.

PARIS had a generally calm session, although there were pockets of active interest created by first-half corporate results and speculation.

Share prices closed little changed, with the OMF 50 index up 1.77 at 536.98. The CAC General opening index hit its second all-time high in a row of 594.5, up 2.3. Turnover was estimated at FF2.5bn.

Navigation Mixte, the financial holding company, remained suspended at its own request after its share price shot up on Wednesday. It said it would hold a press conference on Monday. Paribas, the bank, picked up FF3 to FF15.18 on rumours of stake-building in Navigation Mixte and in response to its 36 per cent rise in half-year profits.

Strafor, the office furniture maker, rose FF80 to FF1,300 after good six-month results, while a disappointing first half for construction company Lafarge Coppée, detailed on Wednesday, left it FF86 down at FF1,729 in active trading.

Stocks related to Lazard Frères, the merchant bank, were busy amid rumours of stake-selling and reorganisation. Enromarcbe gained FF265 to FF4,100 and Eurafrance rose FF186 to FF2,755.

FRANKFURT stayed mixed in moderate trading, volume declining from DM5.1bn to DM3.3bn. The DAX index marginally higher at one stage, closed 5.90 lower at 1,535.75. At mid-session, the FAZ index came out 3.61 lower at 667.32.

The performance of the indices - down this week, up the week before, down the week before that - reflects an ongoing argument about German equities which takes in the vigour of the corporate economy, worries about interest rates and the strong influ-

ence of technical considerations.

The UK securities house, SG Warburg, added to the debate in its latest international asset briefing, and concludes that while equities are arguably dear, specific stocks must be cheap. "We are neutral on the market," says the Warburg team, "but enthusiastically selective of stocks."

German equities, it says, would appear to be modestly overvalued against booms at a time when the other leading markets of the world are looking fairly priced, via a visit to their domestic bond markets.

However, the team is keen on stocks with management's ability to exploit Germany's new found strength in international markets.

MILAN closed higher in active trading as it awaited first half results from Fiat which, well after hours, were to show consolidated pre-tax profits up 27.5 per cent at 12,807bn. The Comit index rose 4.30 to 709.12.

In this case, the market as a whole attracted UK support this week, as Barclays de Zoete Wedd forecast that share prices should rise a further 20 to 30 per cent over the next 15 months.

The brokers say that the market is standing at a discount to its correct earnings value; that there should be a further 13 per cent earnings growth in 1990/91; and that the yield gap, with the dividend yield at the top end of the bond yield band, points to a substantial equity revaluation.

ZURICH closed higher in low volume, the Credit Suisse index ending 4 higher at 643.7. Swissair bearers rose SF35 to SF1,400 on the co-operation and share swap agreement between the company and the Scandinavian airline, SAS. Swiss Re bearers were unmoved at SF11,900, although it reported consolidated net profits up from SF201m to SF248m.

AMSTERDAM was barely altered at the close after losing its grip on early gains as interest rate fears grew. The CBS teendency index edged up 0.2 to 326.33.

DSM eased 10 cents to FL156.70 on the cash buy subscriptions to the second issue of government shares; 12m shares are being sold at FL125 each.

DAF, the truck maker, rose 20 cents to FL52.80; after the close, it emerged that the company had been invited to bid for Ennasa, the Spanish truck manufacturer.

MADRID continued to ease on profit-taking, with the general index off 1.84 at 326.38. Banks and utilities led declines; Santander lost 16 percentage points to 862 per cent of par and Endesa fell 6.50 to 290.75.

BRUSSELS suffered from profit-taking and interest rate fears, and the cash market index lost 28.45 to 6,762.92. An exception to the losers was chemical group UCB, which soared BFr975 to BFr15,850 before announcing first-half profits up 51 per cent.

STOCKHOLM closed broadly higher in optimistic trade. The Aktörsvärden general index rose 7.76 to 1,026.

The market was helped by telecommunications group Ericsson, which saw its free B shares rise SKr20 to SKr600 after the company reported that it had signed a \$100m contract with Mexican Telecommunications Administration.

OSLO closed mostly higher in moderate trading, lifted by economic improvements and stronger prices for North Sea oil. The all-share index rose 1.39 to 544.82.

ASIA PACIFIC

Official guide takes Nikkei to record high

TOKYO

AN OFFICIAL guide to interest rate prospects, coupled with a wave of buying from investment funds, boosted share prices to record highs yesterday, writes Michiyo Nakamoto in Tokyo.

The Nikkei average began its strong uptrend in early trading, and managed to sustain it, closing 319.41 better at the day's high, and a new high of 8,589.96. The Nikkei 225 index rose 3.95 to 2,089.46.

Advances outnumbered declines by 627 to 334, while 167 issues were unchanged.

Turnover dropped to 1,03bn shares from the 1,06bn traded on Wednesday. The Topix index of all listed shares surged 14.53 to a record 2,636.19. In London, the ISE/100 index rose 3.95 to 2,089.46.

The market had hurdles to clear. After the statement made by the finance ministers of the Group of Seven industrial nations, indicating they would like to see the dollar fall, the bears had argued that currency moves were difficult to forecast. Furthermore, they said, Japan still had its domestic political problems - particularly the majority opposition in the Upper House of the Diet.

Yesterday, however, gave equities their reason to rise. An official at the Bank of Japan stated that the central bank would not raise Japan's interest rate in the immediate future. This helped to dispel fears of a rate rise; speculation that the West German Bundesbank would raise the Lombard Rate had triggered concern over a similar move in Japan.

Meanwhile a large amount of buying from investment trust funds came into the market to support its uptrend. The extended recovery of the yen against the dollar contributed to the improvement in sentiment.

Investors went for low-priced shares, with good earnings, in a wide range of sectors. Among them were Komori Printing Machinery which gained Y380

to a record high of Y5,960 and House Food, which added Y50 to Y2,960. Canon, the precision instruments maker, was most actively traded with 28m shares and rose Y40 to Y1,960.

Fuji Photo Film was Y200 higher at Y4,940, on expectations that it will post another record profit for the year ending in October. It was third on the volumes list with 16.1m shares. Fuji Film's disposable camera has seen strong demand both at home and abroad.

A newspaper report that a majority of leading Japanese businessmen would consider using mergers and acquisitions to strengthen their businesses fuelled the already strong interest in companies at the centre of takeover rumours.

Tokyo Land, a real estate company belonging to the Tokyu group, was second most actively traded with 20.3m

shares and firmed Y80 to Y1,630. Speculation still exists about the possible transfer, to a third party, of shares in Tokyu company which were held by the late chairman of the group.

The market in Osaka rose higher for the sixth day running with the OSE average closing up 191.04 at a record high of 36,146.43. Turnover, however, slipped to 111.5m shares from the 172.5m traded on Wednesday.

REBOUNDS by the Hong Kong and Korean markets contrasted with a day of little movement elsewhere. Taiwan was closed for a holiday.

HONG KONG attracted renewed foreign interest, propelled share prices sharply higher. Some observers had expected the market to consolidate before China's National Day at the weekend, and were taken a little by surprise. The Hang Seng gained 42.75 to 2,753.32, a 1.6 per cent rise after two days of minor declines.

Turnover improved to HK\$961m from Wednesday's HK\$821m.

The banking sector, which has lagged other behind groups, such as property issues, led the gains. Wing Lung Bank rose HK\$3 at HK\$39.25 on speculation of overseas stake-building. Bank of East Asia was 70 cents higher at HK\$15.50 and Hang Seng Bank gained 70 cents to HK\$21.80.

AUSTRALIA reacted to the previous day's active session with a period of consolidation. Share prices were little changed, as the All Ordinaries index slipped 1.6 to 1,730.2. Turnover shrank to 101m

shares, valued at A\$269m; volume was restricted by the closure of the Melbourne exchange for a local holiday.

In the banking sector, which was responsible for much of Wednesday's activity, National Australia Bank rose 6 cents to A\$6.82 after news that Adsteam, off 10 cents at A\$9.20, had cut its stake to 11.12 per cent from 14.23 per cent.

Elders IXL fell 6 cents to A\$2.94 after the expiry on Wednesday of the A\$3-a-share bid from Harlin Holdings.

SOUTH KOREA brought its 10-session decline to an end, as confidence improved a little. The composite index rose 7.20 to 981.95; volume was moderate at 12.5m shares, well above the previous day's 10m.

SINGAPORE had another fairly dull day, with share prices closing mixed. The Straits Times Industrial Index eased 7.62 to 1,371.40.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 28 1989				WEDNESDAY SEPTEMBER 27 1989				DOLLAR INDEX			
	US Dollar Index	Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	153.46	-1.5	141.48	131.64	+0.1	5.02	155.87	143.23	131.48	157.14	128.28	139.10
Austria (19)	163.86	-0.3	146.11	157.08	+0.3	1.56	161.08	143.91	157.54	162.84	137.53	147.53
Belgium (88)	143.95	-0.4	132.72	140.58	-0.4	3.93	144.47	132.75	141.08	144.47	125.58	120.14
Canada (123)	149.40	+0.4	137.75	127.71	+0.6	3.16	148.82	136.74	128.89	153.59	124.67	119.48
Denmark (38)	198.47	+0.9	182.99	197.96	+1.0	1.61	198.69	180.73	186.75	219.89	165.36	131.41
Finland (29)	62.14	-0.3	61.53	111.17	+0.1	2.49	62.12	113.13	111.01	68.18	23.12	114.70
France (126)	139.87	+0.0	128.78	139.67	+0.2	2.70	139.83	128.30	139.48	139.67	112.57	96.23
West Germany (67)	101.09	+0.2	93.21	98.89	+0.2	2.07	100.92	92.73	98.72	102.43	79.56	78.88
Hong Kong (48)	116.82	+1.7	107.52	116.62	+1.7	4.53	114.65	105.35	114.64	140.33	86.41	89.82
Ireland (17)	160.25	+0.2	147.75	159.40	+0.2	2.78	159.82	148.94	159.03	168.89	125.00	101.01
Italy (97)	94.95	+0.3	87.55	97.08	+0.8	2.35	94.88	87.00	96.31	96.73	74.97	74.13
Japan (455)	190.70	+0.5	175.83	169.37	+0.4	0.47	189.79	174.39	168.67	200.11	164.22	169.11
Malaysia (20)	203.30	+0.5	187.45	210.82	+0.8	2.49	202.52	185.91	209.41	203.30	143.36	136.04
Mexico (13)	91.01	-0.3	89.67	100.14	+0.3	0.24	91.66	89.36	92.96	92.99	85.92	83.75
Netherlands (43)	129.99	+0.1	119.95	126.04	+0.1	4.21	129.87	119.33	125.89	130.89	110.63	102.24
New Zealand (20)	82.65	-0.9	76.21	74.35	+0.4	4.82	83.36	76.50	74.08	88.18	62.64	70.22
Norway (24)	198.44	+0.0	173.74	177.31	+0.1	1.46	186.51	173.21	177.08	196.39	139.92	111.87
Singapore (26)	182.82	+0.8	169.12	147.55	+0.6	2.90	169.12	147.55	148.45	170.62	124.57	117.32
South Africa (50)	159.34	-0.8	148.91	138.49	-1.2	4.09	160.23	147.23	140.11	160.23	115.35	106.71
Spain (43)	168.70	-0.6	155.55	152.15	-0.5	3.39	169.75	155.98	152.84	169.75	143.14	136.68
Sweden (35)	180.50	+0.9	166.52	172.25	+1.1	1.99	178.97	164.45	170.43	188.94	138.45	119.07
Switzerland (8)	91.01	+0.8	83.91	92.06	+0.9	2.05	92.28	82.96	91.26	94.18	67.51	77.22
United Kingdom (306)	151.82	-1.9	139.96	139.96	-1.5	4.31	154.70	142.15	142.15	158.41	135.28	128.15
USA (548)	141.71	+1.0	130.66	141.71	+1.0	3.24	140.31	128.93	140.31	143.84	112.13	111.44
Europe (996)	131.34	-0.7	121.10	125.24	-0.5	3.34	132.26	121.63	125.86	132.95	112.83	104.93
Nordic (121)	167.21	+0.8	154.17	155.66	+0.9	1.83	168.95	152.48	154.29	178.38	137.95	113.05
Pacific Basin (670)	186.45	+0.4	171.91	165.85	+0.4	0.71	185.65	170.99	165.15	194.72	160.44	155.89
Euro-Pacific (1866)	164.53	+0.1	151.68	149.54	+0.1	1.59	164.41	151.07	149.29	164.53	141.56	138.53
North America (671)	142.07	+1.0	130.89	140.83	+1.0	3.24	140.72	129.30	138.47	144.24	112.79	111.85
Europe Ex. UK (690)	117.94	+0.1	108.74	116.05	+0.3	2.66	117.77	108.22	112.75	118.18	96.30	90.40
Pacific Ex. Japan (215)	136.37	-0.5	124.81	121.82	-0.5	4.64	136.02	124.98	121.20	137.66	111.93	117.14
World Ex. US (1862)	164.03	+0.1	151.23	149.94	+0.1	1.64	163.92	150.82	149.75	166.35	141.49	134.70
World Ex. UK (2104)	155.31	+0.6	143.20	147.10	+0.8	1.94	154.41	141.89	146.23	155.86	136.95	125.38
World Ex. SA (125)	154.96	+0.4	142.87	146.47	+0.4	2.14	154.39	141.96	145.87	155.92	138.67	125.74
World Ex. Japan (1965)	136.12	+0.3	127.35	134.79	+0.4	3.34	137.74	126.56	134.25	138.29	114.51	109.60
The World Index (2410)	154.98	+0.4	142.90	146.42	+0.4	2.15	154.42	141.89	145.83	155.89	136.68	126.62

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CONSTITUENT CHANGES: FT the quarterly review of the FT-Actuaries World Index, it was decided to make the following constituent changes with effect from October 2 1989: Additions: Abbey National (UK); Computer Assoc., Genus Paris and Peoples Energy (all US); Deloitte; Chase Corp. (New Zealand); Bilton (P.) Accum. (UK); Southmark, US Home and Universal Matchbox (all US). Classification changes to existing constituents: Amoy Prop. (Hong Kong) to Real Estate; China Motor Bus (Hong Kong) to Road Transport; Delta (UK) to Electrical Equipment and Goodrich (BF) (US) to Diversified Chemicals.

GREYCOAT PLC

£26,000,000

1.9